



B #:	2417-14
Date:	December 23, 2014
To:	All Participants
Category:	Dividends
From:	Tax Reporting Service
Attention:	Managing Partner/Officer, Cashier, Dividend Mgr., Tax Mgr.
Subject:	Important Tax Information KKR Financial Holdings LLC CUSIP: 48248A603 Record Date: 01/08/15 Payable Date: 01/15/15

The Depository Trust Company received the attached correspondence containing Tax Information. If applicable, please consult your tax advisor to ensure proper treatment of this event.

Important Legal Information: *The Depository Trust Company ("DTC") does not represent or warrant the accuracy, adequacy, timeliness, completeness or fitness for any particular purpose of the information contained in this communication, which is based in part on information obtained from third parties and not independently verified by DTC and which is provided as is. The information contained in this communication is not intended to be a substitute for obtaining tax advice from an appropriate professional advisor. In providing this communication, DTC shall not be liable for (1) any loss resulting directly or indirectly from mistakes, errors, omissions, interruptions, delays or defects in such communication, unless caused directly by gross negligence or willful misconduct on the part of DTC, and (2) any special, consequential, exemplary, incidental or punitive damages. To ensure compliance with Internal Revenue Service Circular 230, you are hereby notified that: (a) any discussion of federal tax issues contained or referred to herein is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code; and (b) as a matter of policy, DTC does not provide tax, legal or accounting advice and accordingly, you should consult your own tax, legal and accounting advisor before engaging in any transaction.*

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Non-Confidential

VIA E-MAIL

December 22, 2014

To: American Stock Transfer
taxcompliance@amstock.com

The Depository Trust & Clearing Corporation
aogunmoyela@dtcc.com

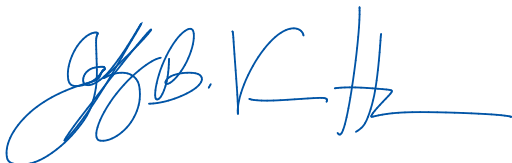
Wall Street Concepts
wsc.tax@sungard.com

Re: KKR Financial Holdings LLC
7.375% Series A LLC Preferred Shares (NYSE: KFN.PR)
CUSIP: 48248A603
Cash Distribution / Qualified Notice
Declaration Date: December 22, 2014
Record Date: January 8, 2015
Payment Date: January 15, 2015
Amount Per Share: \$0.460938

Pursuant to U.S. Treasury Regulation §1.1446-4, please find attached a Qualified Notice with regard to the above cash distribution.

Should you have questions or require anything further, please contact me at (415) 315-3704 or Brian King at (415) 315-6569.

Sincerely,



Jeffrey B. Van Horn
Executive Vice President and Director of Tax

Attachment: Qualified Notice

KKR Financial Holdings LLC**7.375% Series A LLC Preferred Shares (NYSE: KFN.PR)****CUSIP: 48248A603****Qualified Notice****Pursuant to U.S. Treasury Regulation §1.1446-4**

Notice Date: December 22, 2014
Declaration Date: December 22, 2014
Record Date: January 8, 2015
Payment Date: January 15, 2015
Distribution Per Share: \$0.460938

The distribution's components are as follows:

Portfolio Interest Income (U.S.)	\$0.193776
Interest Income (Non-U.S.)	0.110257
Non-Qualified Dividend Income (U.S.)	0.028494
Non-Qualified Dividend Income (Non-U.S.)	0.084125
Royalty Income (U.S.)	0.034768
Other Portfolio Income (U.S.)	0.006712
Other Portfolio Income (Non-U.S.)	0.002806
<u>U.S. Effectively Connected Trade or Business Income ("ECI")</u>	<u>0.000000</u>
<u>Distribution Per Share^{1, 2}</u>	<u>\$0.460938</u>

¹ The taxable income items, including ECI, allocable to a holder of KFN preferred shares and reported on U.S. Schedule K-1, will differ from the distributed amounts reflected above.

² None of the above income items constitute ECI.