



<b>B #:</b>	1333-14
<b>Date:</b>	July 1, 2014
<b>To:</b>	All Participants
<b>Category:</b>	Dividends
<b>From:</b>	Tax Reporting Service
<b>Attention:</b>	Managing Partner/Officer, Cashier, Dividend Mgr., Tax Mgr.
<b>Subject:</b>	Important Tax Information KKR Financial Holdings LLC CUSIP: 48248A603 Record Date: 07/08/14 Payable Date: 07/15/14

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.*

DTCC offers enhanced access to all important notices via a Web-based subscription service. The notification system leverages RSS Newsfeeds, providing significant benefits including real-time updates and customizable delivery. To learn more and to set up your own DTCC RSS alerts, visit [http://www.dtcc.com/subscription\\_form.php](http://www.dtcc.com/subscription_form.php).

Non-Confidential

VIA E-MAIL

June 30, 2014

To: American Stock Transfer  
[taxcompliance@amstock.com](mailto:taxcompliance@amstock.com)

The Depository Trust & Clearing Corporation  
[aogunmoyela@dtcc.com](mailto:aogunmoyela@dtcc.com)

Wall Street Concepts  
[wsc.tax@sungard.com](mailto: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: June 27, 2014**  
**Record Date: July 8, 2014**  
**Payment Date: July 15, 2014**  
**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: June 30, 2014  
Declaration Date: June 27, 2014  
Record Date: July 8, 2014  
Payment Date: July 15, 2014  
**Distribution Per Share: \$0.460938**

The distribution's components are as follows:

Portfolio Interest Income (U.S.)	\$0.257452
Interest Income (Non-U.S.)	0.050597
Non-Qualified Dividend Income (U.S.)	0.021949
Non-Qualified Dividend Income (Non-U.S.)	0.092818
Royalty Income (U.S.)	0.023930
Other Portfolio Income (U.S.)	0.014180
Other Portfolio Income (Non-U.S.)	0.000012
<u>U.S. Effectively Connected Trade or Business Income ("ECI")</u>	<u>0.000000</u>
<u>Distribution Per Share<sup>1,2</sup></u>	<u>\$0.460938</u>

<sup>1</sup> 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.

<sup>2</sup> None of the above income items constitute ECI.