BlackRock Kelso Capital Corporation Declares Regular Quarterly Dividend of $0.26 Per Share, Announces September 30, 2012 Quarterly Financial Results

November 8, 2012

NEW YORK--(BUSINESS WIRE)--Nov. 8, 2012-- BlackRock Kelso Capital Corporation (NASDAQ:BKCC) ("BlackRock Kelso Capital" or the "Company", "we", "us" or "our") announced today that its Board of Directors has declared a quarterly dividend of $0.26 per share payable on January 3, 2013 to stockholders of record as of December 20, 2012.

BlackRock Kelso Capital also announced financial results for the quarter ended September 30, 2012.

HIGHLIGHTS:

Investment Portfolio: $1,097.0 million
Net Assets: $703.5 million
Indebtedness (borrowings under credit facility and senior secured notes): $384.6 million
Net Asset Value per share: $9.55

Portfolio Activity for the Quarter Ended September 30, 2012:
- Cost of investments during period: $16.8 million
- Sales, repayments and other exits during period: $82.3 million
- Number of portfolio companies at end of period: 50

Operating Results for the Quarter Ended September 30, 2012:
- Net investment income per share, pre-incentive fee[1]: $0.37
- Net investment income per share: $0.32
- Net investment income per share, as adjusted[2] : $0.30
- Dividends declared per share: $0.26
- Earnings per share: $0.19
- Earnings per share, as adjusted[2]: $0.17
- Net investment income, pre-incentive fee[1]: $26.9 million
- Net investment income: $23.9 million
- Net investment income, as adjusted[2]: $21.9 million
- Net realized and unrealized losses: $9.6 million
- Net increase in net assets from operations: $14.3 million

Portfolio and Investment Activity

During the three months ended September 30, 2012, we invested $16.8 million across several existing portfolio companies. This compares to investing $139.4 million across three new and several existing portfolio companies for the three months ended September 30, 2011. Sales, repayments and other exits of investment principal totaled $82.3 million during the three months ended September 30, 2012, versus $87.6 million during the three months ended September 30, 2011.

At September 30, 2012, our portfolio consisted of 50 portfolio companies and was invested 59% in senior secured loans, 16% in senior secured notes 13% in unsecured or subordinated debt securities, 12% in equity investments, and less than 1% in cash and cash equivalents. Our average portfolio company investment at amortized cost was approximately $21.6 million and our average portfolio company investment at amortized cost, excluding investments below $5.0 million, was approximately $25.9 million at September 30, 2012. At September 30, 2012, 0.1% of our total debt investments at fair value (or 0.8% at amortized cost) was on non-accrual status.

The weighted average yields of the debt and income producing equity securities in our portfolio at their current cost basis were 12.2% at September 30, 2012 and 11.9% at September 30, 2011. The weighted average yields on our senior secured loans and other debt securities at their current cost basis were 11.6% and 13.5%, respectively, at September 30, 2012, versus 11.7% and 12.1% at September 30, 2011. Yields exclude common equity investments, preferred equity investments with no stated dividend rate, short-term investments and cash and cash equivalents.

At September 30, 2012, we had $3.0 million in cash and cash equivalents, $165.4 million available under our senior secured, multi-currency credit facility, and $1.5 million payable for investments purchased.

Results of Operations

Results comparisons are for the three and nine months ended September 30, 2012 and 2011.

Investment Income

Investment income totaled $40.7 million and $109.4 million, respectively, for the three and nine months ended September 30, 2012, compared to $33.2 million and $95.5 million for the three and nine months ended September 30, 2011. Of these totals, fee income for the three and nine months ended September 30, 2012 was $9.0 million and $16.3 million, respectively, versus $5.1 million and $16.4 million for the three and nine months ended September 30, 2011. Of the current period amount, $8.7 million represents one-time fees collected in conjunction with the early repayment of certain portfolio company investments. The increase in investment income for the nine months ended September 30, 2012 reflects a larger overall portfolio as a result of the deployment of debt capital under our credit facility. During the nine months ended September 30, 2012, we invested $101.7 million in four new portfolio companies and $136.8 million in several existing portfolio companies. Although investments at their current cost basis at September 30, 2012 were slightly lower than that at December 31, 2011, the average balance of our total investments at amortized cost for the nine month period ended September 30, 2012 was $1,114.8 million, compared to $1,002.1 million for the nine month period ended September 30, 2011. This increase in the average balance also contributed to our increase in investment income. Capital structuring and amendment fees associated with new investments for the current nine month period totaled $3.3 million.

Expenses

Total expenses for the three and nine months ended September 30, 2012 were $16.8 million and $44.0 million, respectively, versus $12.3 million and $33.9 million for the three and nine months ended September 30, 2011. Of these totals, for the three and nine months ended September 30, 2012, $6.0 million and $16.9 million, respectively, were base management fees, versus $5.1 million and $14.5 million for the three and nine months ended September 30, 2011. The increases in the current period reflect the overall growth and appreciation in value of our portfolio. Interest and credit facility related expenses were $5.2 million and $14.9 million, respectively, for the three and nine months ended September 30, 2012, compared to $4.2 million and $11.9 million for the three and nine months ended September 30, 2011. The increase in the 2012 period is mainly a result of increased borrowing levels. Average debt outstanding for the nine months ended September 30, 2012 and 2011 was $390.7 million and $276.6 million, respectively. Incentive management fees for the three and nine months ended September 30, 2012 were $3.0 million and $5.2 million, respectively. There were no such fees for the 2011 periods. Of the current period totals and new this quarter, $3.0 million represents incentive management fees accrued based on a hypothetical capital gains calculation, as required by GAAP. A hypothetical liquidation is performed each quarter possibly resulting in an incentive fee accrual if the amount is positive. It should be noted, however, that a fee so calculated and accrued is not due and payable, if at all, until the end of each measurement period, or every June 30. Expenses also consist of amortization of debt issuance costs, professional fees, investment advisor expenses, administrative services expense, director fees and miscellaneous other expenses.

Net Investment Income

Net investment income totaled $23.9 million and $65.3 million, or $0.32 per share and $0.89 per share, respectively, for the three and nine months ended September 30, 2012. For the three and nine months ended September 30, 2011, net investment income totaled $21.0 million and $61.6 million, or $0.29 per share and $0.84 per share, respectively. The increase for the current nine month period is primarily a result of a larger overall portfolio due to net new investment activity, partially offset by an increase in base management fees and interest and credit facility related expenses, as well as the accrual of incentive management fees based on hypothetical capital gains.

Net Realized Gain or Loss

Total net realized gain or loss for the three and nine months ended September 30, 2012 was a gain of $2.8 million and a loss of $73.4 million, respectively, compared to a gain of $1.1 million and a loss of $42.4 million for the three and nine months ended September 30, 2011. Net realized gain for the three months ended September 30, 2012 was the result of $3.8 million in net gains realized from the sales, repayments and other exits of our investments, the realization of a $1.4 million tax provision on the disposition of an equity investment through a consolidated subsidiary, and $0.4 million in net gains realized on foreign currency transactions. Net realized gain on investments resulted primarily from the disposition of our equity investment in Conney Prime Holdings LLC. Excluding the realization of the tax provision, nearly the entire net realized gain on investments represents amounts that had been reflected in unrealized appreciation on investments in prior periods. Foreign currency gains mainly represent net gains on forward currency contracts used to mitigate the impact that changes in foreign exchange rates would have on our investments denominated in foreign currencies.

Net Unrealized Appreciation or Depreciation

For the three and nine months ended September 30, 2012, the change in net unrealized appreciation on investments and foreign currency translation was a (decrease) increase in net unrealized appreciation of ($12.4) million and $63.7 million, respectively, versus ($9.2) million and $50.7 million for the three and nine months ended September 30, 2011. The decrease in net unrealized appreciation on investments for the three months ended September 30, 2012 includes $3.8 million relating to reversals of prior periods' net unrealized appreciation as a result of investment dispositions. Net unrealized appreciation (depreciation) was $11.7 million at September 30, 2012 and ($55.2) million at September 30, 2011. For the three months ended September 30, 2012, certain of our portfolio companies had strong performance while there was underperformance in certain others. Removing the effects of reversals due to dispositions during the quarter, the net decrease in unrealized appreciation for the three months ended September 30, 2012 was a decline of 0.7% of our total portfolio at fair market value.

Net Increase in Net Assets from Operations

For the three and nine months ended September 30, 2012, the net increase in net assets from operations was $14.3 million and $55.6 million, or $0.19 per share and $0.76 per share, respectively, compared to $12.9 million and $69.9 million, or $0.18 per share and $0.96 per share, for the three and nine months ended September 30, 2011. As compared to the prior period, the increase primarily reflects the increase in net investment income slightly offset by an increase in total expenses and net realized and unrealized losses for the three months ended September 30, 2012.

Liquidity and Capital Resources

At September 30, 2012, we had approximately $3.0 million in cash and cash equivalents, $384.6 million in debt outstanding and, subject to leverage and borrowing base restrictions, $165.4 million available for use under our senior secured, multi-currency credit facility, which matures in December 2013. At September 30, 2012, we were in compliance with regulatory coverage requirements with an asset coverage ratio of 282% and were in compliance with all financial covenants under our debt agreements. In the near term, we expect to meet our liquidity needs through periodic add-on equity and debt offerings, use of the remaining availability under our credit facility and continued cash flows from operations. The primary use of funds will be investments in portfolio companies, reductions in debt outstanding and other general corporate purposes.

On January 18, 2011, we closed a private placement issuance of $158 million in aggregate principal amount of five-year, senior secured notes with a fixed interest rate of 6.50% and a maturity date of January 18, 2016 and $17 million in aggregate principal amount of seven-year, senior secured notes with a fixed interest rate of 6.60% and a maturity date of January 18, 2018 (collectively, the "Senior Secured Notes"). The Senior Secured Notes were sold to certain institutional accredited investors pursuant to an exemption from registration under the Securities Act of 1933, as amended. Interest on the Senior Secured Notes is due semi-annually on January 18 and July 18, commencing on July 18, 2011. The proceeds from the issuance of the Senior Secured Notes were used to fund new portfolio investments, reduce outstanding borrowings under our credit facility and for general corporate purposes.

Dividends

On November 7, 2012, our Board of Directors declared a quarterly dividend of $0.26 per share, payable on January 3, 2013 to stockholders of record at the close of business on December 20, 2012.

Dividends declared to stockholders for the three and nine months ended September 30, 2012 totaled $19.2 million, or $0.26 per share, and $57.4 million, or $0.78 per share, respectively. For the three and nine months ended September 30, 2011, dividends declared to stockholders totaled $19.0 million, or $0.26 per share, and $61.3 million, or $0.84 per share, respectively. Tax characteristics of all dividends are reported to stockholders on Form 1099 after the end of the calendar year.

We have elected to be treated as a regulated investment company, or RIC, under Subchapter M of the Internal Revenue Code. To maintain our status as a RIC, we must distribute annually to our stockholders at least 90% of our investment company taxable income; and to avoid an excise tax imposed on RICs, we must distribute annually to our stockholders at least 98% of our ordinary income and 98.2% of our net capital gains. We have made, and intend to continue to make, timely distributions sufficient to satisfy the annual distribution requirements to maintain our qualification as a RIC. We also intend to make distributions of net realized capital gains, if any, at least annually. We may, at our discretion, carry forward taxable income in excess of calendar year distributions and pay a 4% excise tax on this income. We will accrue excise tax on estimated undistributed taxable income as required.

Dividend Reinvestment Plan

We maintain an "opt out" dividend reinvestment plan for our common stockholders. As a result, if we declare a dividend, stockholders' cash dividends will be automatically reinvested in additional shares of our common stock, unless they specifically "opt out" of the dividend reinvestment plan so as to receive cash dividends. With respect to our dividends paid to stockholders for the nine months ended September 30, 2012 and 2011, dividends reinvested pursuant to our dividend reinvestment plan totaled $4.3 million and $6.3 million, respectively.

Share Repurchase Plan

In 2008, our Board of Directors approved a share repurchase plan under which we may repurchase up to 2.5% of our outstanding shares of common stock from time to time in open market or privately negotiated transactions. In 2009, our Board of Directors approved an extension and increase to the plan which authorized us to repurchase up to an additional 2.5% of our outstanding shares of common stock. In May 2012, the repurchase plan was further extended through June 30, 2013, with 1,331,143 shares remaining authorized for repurchase. There were no purchases under the plan during the three and nine months ended September 30, 2012. Since inception of the repurchase plan through September 30, 2012, we have purchased 1,425,507 shares of our common stock on the open market for $9.5 million, including brokerage commissions.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that from time to time we may purchase shares of our common stock in the open market at prevailing market prices.

Conference Call

BlackRock Kelso Capital will host a webcast/teleconference at 4:30 p.m. (Eastern Time) on Thursday, November 8, 2012 to discuss its third quarter 2012 financial results. All interested parties are welcome to participate. You can access the teleconference by dialing, from the United States, (800) 374-0176, or from outside the United States, (706) 679-3431, shortly before 4:30 p.m. and referencing the BlackRock Kelso Capital Corporation Conference Call (ID Number 23693751). A live, listen-only webcast will also be available via the investor relations section of www.blackrockkelso.com.

Both the teleconference and webcast will be available for replay by 6:30 p.m. on Thursday, November 8, 2012 and ending at midnight on Thursday, November 15, 2012. To access the replay of the teleconference, callers from the United States should dial (855) 859-2056 and callers from outside the United States should dial (404) 537-3406 and enter the Conference ID Number 23693751. To access the webcast, please visit the investor relations section of www.blackrockkelso.com.

PRIOR TO THE WEBCAST/TELECONFERENCE, AN INVESTOR PRESENTATION THAT COMPLEMENTS THE EARNINGS CONFERENCE CALL WILL BE POSTED TO BLACKROCK KELSO CAPITAL'S WEBSITE WITHIN THE PRESENTATIONS SECTION OF THE INVESTOR RELATIONS PAGE (http://www.blackrockkelso.com/InvestorRelations/Presentations/index.htm).

BlackRock Kelso Capital Corporation
Consolidated Statements of Assets and Liabilities
(Unaudited)

	September 30, 2012	December 31, 2011
Assets		
Investments at fair value:		

Non-controlled, non-affiliated investments (cost of $884,155,194 and $959,635,127)	$ 887,470,029	$ 890,691,404
Non-controlled, affiliated investments (cost of $44,239,954 and $59,633,913)	58,121,346	71,035,799
Controlled investments (cost of $151,419,698 and $78,601,629)	148,386,742	87,225,239
Total investments at fair value (cost of $1,079,814,846 and $1,097,870,669)	1,093,978,117	1,048,952,442
Cash and cash equivalents	2,975,810	7,478,904
Cash denominated in foreign currencies (cost of $834 and $300,380)	936	300,089
Receivable for investments sold	204,595	2,734,705
Interest receivable	22,872,721	16,474,871
Dividends receivable	—	8,493,799
Prepaid expenses and other assets	4,942,631	6,740,517
Total Assets	$1,124,974,810	$1,091,175,327
Liabilities		
Payable for investments purchased	$ 1,541,222	$ 421,597
Unrealized depreciation on forward foreign currency contracts	771,405	1,106,241
Debt	384,600,000	343,000,000
Interest payable	2,557,731	5,592,184
Dividend distributions payable	19,160,728	19,040,586
Base management fees payable	5,964,904	5,293,755
Incentive management fees payable	2,963,803	11,878,159
Accrued administrative services	165,049	144,625
Other accrued expenses and payables	3,715,740	3,689,331
Total Liabilities	421,440,582	390,166,478
Net Assets		
Common stock, par value $.001 per share, 200,000,000 common shares authorized, 75,120,620 and 74,636,091 issued and 73,695,113 and 73,210,584 outstanding	75,121	74,636
Paid-in capital in excess of par	987,373,660	983,082,373
Distributions in excess of net investment income	(18,195,866)	(26,165,703)
Accumulated net realized loss	(267,939,687)	(194,505,823)
Net unrealized appreciation (depreciation)	11,697,676	(51,999,958)
Treasury stock at cost, 1,425,507 and 1,425,507 shares held	(9,476,676)	(9,476,676)
Total Net Assets	703,534,228	701,008,849
Total Liabilities and Net Assets	$1,124,974,810	1,091,175,327
Net Asset Value Per Share	$ 9.55	$ 9.58

BlackRock Kelso Capital Corporation **Consolidated Statements of Operations (Unaudited)**	**Three months ended September 30, 2012**	**Three months ended September 30, 2011**	**Nine months ended September 30, 2012**	**Nine months ended September 30, 2011**
Investment Income:				
Interest income:				
Non-controlled, non-affiliated investments	$ 27,543,637	$ 24,001,231	$ 81,802,597	$ 67,222,334
Non-controlled, affiliated investments	1,037,387	835,283	4,053,330	3,509,261
Controlled investments	3,071,070	2,288,318	6,501,767	4,951,516
Total interest income	31,652,094	27,124,832	92,357,694	75,683,111
Fee income:				
Non-controlled, non-affiliated investments	8,369,140	4,701,489	15,457,315	15,781,903
Non-controlled, affiliated investments	602,344	387,558	735,708	546,114
Controlled investments	57,679	39,677	136,170	117,738
Total fee income	9,029,163	5,128,724	16,329,193	16,445,755

Dividend income:				
Non-controlled, non-affiliated investments	38,845	610,173	706,157	2,278,768
Non-controlled, affiliated investments	—	383,516	—	1,106,309
Controlled investments	—	—	—	—
Total dividend income	38,845	993,689	706,157	3,385,077
Total investment income	40,720,102	33,247,245	109,393,044	95,513,943
Expenses:				
Base management fees	5,964,904	5,124,033	16,877,541	14,547,503
Interest and credit facility fees	5,180,706	4,208,359	14,917,849	11,902,630
Incentive management fees	2,963,803	—	5,177,662	—
Amortization of debt issuance costs	634,677	634,678	1,890,236	1,871,184
Professional fees	577,051	683,095	1,080,582	1,345,608
Investment advisor expenses	511,774	315,435	1,364,420	1,176,450
Administrative services	164,074	319,500	416,608	866,121
Director fees	113,500	97,000	347,063	309,269
Other	671,341	900,532	1,975,362	1,914,697
Total expenses	16,781,830	12,282,632	44,047,323	33,933,462
Net Investment Income	23,938,272	20,964,613	65,345,721	61,580,481
Realized and Unrealized Gain (Loss):				
Net realized gain (loss):				
Non-controlled, non-affiliated investments	(4,417)	258,039	(75,340,007)	(37,073,408)
Non-controlled, affiliated investments	2,441,751	176,800	2,123,846	(4,892,398)
Controlled investments	—	18,929	—	22,372
Foreign currency	362,009	682,083	(217,703)	(496,180)
Net realized gain (loss)	2,799,343	1,135,851	(73,433,864)	(42,439,614)
Net change in unrealized appreciation or depreciation on:				
Non-controlled, non-affiliated investments	(1,814,151)	(4,598,697)	77,069,859	44,282,872
Non-controlled, affiliated investments	5,287,500	(190,180)	6,300,604	10,447,300
Controlled investments	(14,735,396)	(5,630,890)	(20,004,775)	(5,548,533)
Foreign currency translation	(1,146,461)	1,256,787	331,946	1,548,246
Net change in unrealized appreciation or depreciation	(12,408,508)	(9,162,980)	63,697,634	50,729,885
Net realized and unrealized gain (loss)	(9,609,165)	(8,027,129)	(9,736,230)	8,290,271
Net Increase in Net Assets Resulting from Operations	$ 14,329,107	$ 12,937,484	$ 55,609,491	$ 69,870,752
Net Investment Income Per Share	$ 0.32	$ 0.29	$ 0.89	$ 0.84
Earnings Per Share	$ 0.19	$ 0.18	$ 0.76	$ 0.96
Basic and Diluted Weighted-Average Shares Outstanding	73,692,104	73,101,398	73,555,011	72,966,076
Dividends Declared Per Share	$ 0.26	$ 0.26	$ 0.78	$ 0.84

The Company reports its financial results on a GAAP basis; however, management believes that evaluating the Company’s ongoing operating results may be enhanced if investors have additional non-GAAP basis financial measures. Management reviews non-GAAP financial measures to assess ongoing operations and, for the reasons described below, considers them to be effective indicators, for both management and investors, of the Company’s financial performance over time. The Company’s management does not advocate that investors consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP.

The Company records its liability for incentive management fees based on income as it becomes legally obligated to pay them, based on a hypothetical liquidation at the end of each reporting period. The Company's obligation to pay incentive management fees with respect to any fiscal quarter is based on a formula that reflects the Company's results over a trailing four-fiscal quarter period ending with the current fiscal quarter. The Company is legally obligated to pay the amount resulting from the formula less any cash payments of incentive management fees during the prior three quarters. The formula's requirement to reduce the incentive management fee by amounts paid with respect to incentive fees in the prior three quarters has caused the Company's incentive fee expense to become, and currently is expected to be, concentrated in the fourth quarter of each year. Management believes that reflecting incentive fees throughout the year, as the related investment income is earned, is an effective measure of the Company's profitability and financial performance that facilitates comparison of current results with historical results and with those of the Company's peers. The Company's "as adjusted" results reflect incentive management fees based on the formula the Company utilizes for each trailing four-fiscal quarter period, with the formula applied to the current quarter's incremental earnings and without any reduction for incentive management fees paid during the prior three quarters. The resulting amount represents an upper limit of each quarter's incremental incentive management fees that the Company may become legally obligated to pay at the end of the year. Prior year amounts are estimated in the same manner. These estimates represent upper limits because, in any calendar year, subsequent quarters' investment underperformance could reduce the incentive management fees payable by the Company with respect to prior quarters' operating results. Similarly, the Company records its liability for incentive management fees based on capital gains by performing a hypothetical liquidation at the end of each reporting period. The accrual of this hypothetical capital gains incentive fee is required by GAAP, but it should be noted that a fee so calculated and accrued is not due and payable until the end of the measurement period, or every June 30. The incremental incentive management fees disclosed for a given period are not necessarily indicative of actual full year results. Changes in the economic environment, financial markets and other parameters used in determining such estimates could cause actual results to differ and such differences could be material. For a more detailed description of the Company's incentive management fee, please refer to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 and Annual Report on Form 10-K for the fiscal year ended December 31, 2011 on file with the Securities and Exchange Commission ("SEC").

Computations for the periods below are derived from the Company's financial statements as follows:

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
GAAP incentive management fee expense based on Income	$ —	$ —	$ 2,213,859	$ —
GAAP incentive management fee expense based on Gains	2,963,803	—	2,963,803	—
Incremental incentive management fee expense based on Income	5,013,423	2,956,399	11,425,802	8,070,524
Pre-Incentive Fee[1]:				
Net Investment Income	$ 26,902,075	$ 20,964,613	$ 68,309,524	$ 61,580,481
Net Increase in Net Assets from Operations	17,292,910	12,937,484	58,573,294	69,870,752
Net Investment Income per share	0.37	0.29	0.93	0.84
Net Increase in Net Assets from Operations per share	0.23	0.18	0.80	0.96
GAAP Basis:				
Net Investment Income	$ 23,938,272	$ 20,964,613	$ 65,345,721	$ 61,580,481
Net Increase in Net Assets from Operations	14,329,107	12,937,484	55,609,491	69,870,752
Net Investment Income per share	0.32	0.29	0.89	0.84
Net Increase in Net Assets from Operations per share	0.19	0.18	0.76	0.96
As Adjusted[2]:				
Net Investment Income	$ 21,888,652	$ 18,008,214	$ 59,097,581	$ 53,509,957
Net Increase in Net Assets from Operations	12,279,487	9,981,085	49,361,351	61,800,228
Net Investment Income per share	0.30	0.25	0.80	0.73
Net Increase in Net Assets from Operations per share	0.17	0.14	0.67	0.85

Pre-Incentive Fee[1]: Amounts reflect the Company's ongoing operating results and are the most effective indicator of the Company's financial performance over time. Amounts are adjusted to remove the incentive management fee expense based on Gains, as required by GAAP.

As Adjusted[2]: Amounts are adjusted to remove the incentive management fee expense based on Gains, as required by GAAP, and to include the incremental incentive management fee expense based on Income. The incremental incentive management fee is based on the formula the Company utilizes for each trailing four-fiscal quarter period, with the formula applied to the current quarter's incremental earnings, and without any reduction for incentive management fees paid during the prior three quarters.

About BlackRock Kelso Capital Corporation

BlackRock Kelso Capital Corporation is a business development company that provides debt and equity capital to middle-market companies.

The Company's investment objective is to generate both current income and capital appreciation through debt and equity investments. The Company invests primarily in middle-market companies in the form of senior and junior secured and unsecured debt securities and loans, each of which may include an equity component, and by making direct preferred, common and other equity investments in such companies.

Forward-Looking Statements

This press release, and other statements that BlackRock Kelso Capital may make, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act, with respect to BlackRock Kelso Capital's future financial or business performance, strategies or expectations. Forward-looking statements are typically identified by words or phrases such as "trend," "potential," "opportunity," "pipeline," "believe," "comfortable," "expect," "anticipate," "current," "intention," "estimate," "position," "assume," "outlook," "continue," "remain," "maintain," "sustain," "seek," "achieve," and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "may" or similar expressions.

BlackRock Kelso Capital cautions that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and BlackRock Kelso Capital assumes no duty to and does not undertake to update forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

In addition to factors previously disclosed in BlackRock Kelso Capital's SEC reports and those identified elsewhere in this press release, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: (1) our future operating results; (2) our business prospects and the prospects of our portfolio companies; (3) the impact of investments that we expect to make; (4) our contractual arrangements and relationships with third parties; (5) the dependence of our future success on the general economy and its impact on the industries in which we invest; (6) the ability of our portfolio companies to achieve their objectives; (7) our expected financings and investments; (8) the adequacy of our cash resources and working capital, including our ability to obtain continued financing on favorable terms; (9) the timing of cash flows, if any, from the operations of our portfolio companies; (10) the impact of increased competition; (11) the ability of our investment advisor to locate suitable investments for us and to monitor and administer our investments; (12) potential conflicts of interest in the allocation of opportunities between us and other investment funds managed by our investment advisor or its affiliates; (13) the ability of our investment advisor to attract and retain highly talented professionals; (14) fluctuations in foreign currency exchange rates; and (15) the impact of changes to tax legislation and, generally, our tax position.

BlackRock Kelso Capital's Annual Report on Form 10-K for the year ended December 31, 2011 filed with the SEC identifies additional factors that can affect forward-looking statements.

Available Information

BlackRock Kelso Capital's filings with the SEC, press releases, earnings releases and other financial information are available on its website at www.blackrockkelso.com. The information contained on our website is not a part of this press release.

[1] Non-GAAP basis financial measure. See Supplemental Information on page 8.

[2] Non-GAAP basis financial measure. See Supplemental Information on page 9.

Source: BlackRock Kelso Capital Corporation

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