



BLACKROCK KELSO CAPITAL

March 2015

Investor Presentation

Important Notice

These materials and any presentation of which they form a part are neither an offer to sell, nor a solicitation of an offer to purchase, any securities of BlackRock Kelso Capital Corporation (“BKCC,” the “Company,” or “BlackRock Kelso Capital”). The summary descriptions and other information included herein, and any other materials provided to you by the Company or its representatives, are intended only for informational purposes and convenient reference. The information contained herein is not intended to provide, and should not be relied upon for, accounting, legal or tax advice or investment recommendations.

Recipients may not reproduce these materials or transmit them to third parties. These materials are not intended for distribution to or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to applicable law or regulations.

This presentation contains “forward looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, that are subject to risks and uncertainties. Actual outcomes and results could differ materially from those suggested by this presentation due to the impact of many factors beyond the control of the Company, including those listed in the "Risk Factors" section of our filings with the Securities and Exchange Commission (“SEC”). Any such forward-looking statements are made pursuant to the safe harbor provisions available under applicable securities laws and BlackRock Kelso Capital Corporation assumes no obligation to update or revise any such forward-looking statements.

Certain information discussed in this presentation was derived from third party sources and has not been independently verified and, accordingly, the Company makes no representation or warranty in respect of this information.

The following slides contain summaries of certain financial and statistical information about the Company. The information contained in this presentation is summary information that is intended to be considered in the context of our SEC filings and other public announcements that we may make, by press release or otherwise, from time to time. In addition, information related to past performance, while helpful as an evaluative tool, is not necessarily indicative of future results, the achievement of which cannot be assured. You should not view the past performance of the Company, or information about the market, as indicative of the Company’s future results.

Overview Q4 2014

As of and for the Three Months Ended December 31, 2014

- Investment Portfolio: \$1,268.0 million
- Net Assets: \$782.0 million or \$10.49 per share
- Net Investment Income: \$3.5 million or \$0.05 per share⁽¹⁾
- Purchases of Investments: \$235.6 million⁽²⁾
- Sales, Repayments and Other Exits: \$83.7 million
- Net Investment Income, as adjusted⁽³⁾: \$19.5 million or \$0.26 per share⁽¹⁾
- Average Investment by Portfolio Company, at Amortized Cost⁽⁴⁾: \$29.4 million
- Indebtedness: \$448.2 million
- Credit Facility Availability: \$261.0 million
- Asset Coverage Ratio: 271%

Financial Highlights

<i>As of and for the Three Months Ended</i>	<u>3/31/13</u>	<u>6/30/13</u>	<u>9/30/13</u>	<u>12/31/13</u>	<u>3/31/14</u>	<u>6/30/14</u>	<u>9/30/14</u>	<u>12/31/14</u>
Net Investment Income, as adjusted per share ^(1,3)	\$ 0.22	\$ 0.26	\$ 0.22	\$ 0.22	\$ 0.19	\$ 0.23	\$ 0.23	\$ 0.26
Net Realized / Unrealized Gains (Losses) per share ⁽¹⁾	0.23	(0.12)	0.15	0.36	0.16	0.19	0.13	0.68
Net Income, as adjusted per share ^(1,3)	0.45	0.13	0.36	0.58	0.35	0.42	0.36	0.95
Net Asset Value at End of Period per share ⁽⁵⁾	9.47	9.37	9.38	9.54	9.59	9.79	9.97	10.49
Distributions Declared per share ⁽¹⁾	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.21	\$ 0.21	\$ 0.21
Average Shares Outstanding - Basic, in millions ⁽¹⁾	74.0	74.1	74.2	74.4	74.5	74.5	74.6	74.5
Total Shares Outstanding at End of Period, in millions	74.0	74.1	74.2	74.4	74.5	74.4	74.6	74.5

<i>\$ in millions</i>	<u>3/31/13</u>	<u>6/30/13</u>	<u>9/30/13</u>	<u>12/31/13</u>	<u>3/31/14</u>	<u>6/30/14</u>	<u>9/30/14</u>	<u>12/31/14</u>
Investment Portfolio at Cost ⁽⁷⁾	\$ 982.3	\$ 919.6	\$ 1,039.2	\$ 1,084.5	\$ 993.8	\$ 941.9	\$ 968.0	\$ 1,134.3
Investment Portfolio at Fair Value ⁽⁷⁾	\$ 1,022.8	\$ 1,009.2	\$ 1,139.1	\$ 1,218.0	\$ 1,106.1	\$ 1,019.4	\$ 1,053.8	\$ 1,257.7
Fair Value % Cost ⁽⁷⁾	104.1%	109.7%	109.6%	112.3%	111.3%	108.2%	108.9%	110.9%
Number of Portfolio Companies	44	41	47	51	46	44	42	47
Average Investment Size at Cost	\$ 22.3	\$ 22.4	\$ 22.1	\$ 21.3	\$ 21.6	\$ 21.4	\$ 23.0	\$ 24.1
Yield on Income Producing Capital at Cost	12.4%	12.1%	11.7%	12.0%	12.0%	11.9%	11.8%	11.6%
Yield on Senior Secured Loans at Cost	11.5%	11.5%	10.9%	11.4%	11.4%	11.4%	11.4%	11.2%
Yield on Other Debt Securities at Cost	13.6%	13.2%	13.2%	13.0%	12.9%	12.9%	13.0%	12.5%

Please see Notes to the Investor Presentation on page 15

Select Historical Financial Information

\$ in thousands, except per share data

	3/31/13	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	9/30/14	12/31/14	12/31/12	12/31/13	12/31/14
Net Investment Income	\$ 12,964	\$ 21,220	\$ 8,874	\$ 4,580	\$ 11,094	\$ 16,431	\$ 19,332	\$ 3,514	\$ 73,662	\$ 47,638	\$ 50,372
Net Investment Income per share ⁽¹⁾	0.18	0.29	0.12	0.06	0.15	0.22	0.26	0.05	1.00	0.64	0.68
Net Investment Income, pre-incentive fee ⁽³⁾	18,228	23,289	18,232	19,037	14,554	19,400	19,926	23,997	96,153	78,787	77,878
Net Investment Income, pre-incentive fee per share ^(1,3)	0.25	0.31	0.25	0.26	0.20	0.26	0.27	0.32	1.31	1.06	1.04
Net Investment Income, as adjusted ⁽³⁾	16,130	19,111	16,118	16,539	14,277	16,823	17,313	19,492	79,156	67,897	67,905
Net Investment Income, as adjusted per share ^(1,3)	0.22	0.26	0.22	0.22	0.19	0.23	0.23	0.26	1.08	0.92	0.91
Net Realized / Unrealized Gains (Losses)	16,833	(9,196)	10,970	26,744	11,822	14,436	9,637	50,973	(16,310)	45,351	86,868
Net Realized / Unrealized Gains (Losses) per share ⁽¹⁾	0.23	(0.12)	0.15	0.36	0.16	0.19	0.13	0.68	(0.22)	0.61	1.16
Net Income	29,797	12,023	19,844	31,325	22,917	30,867	28,970	54,487	57,351	92,989	137,240
Net Income per share ⁽¹⁾	0.40	0.16	0.27	0.42	0.31	0.41	0.39	0.73	0.78	1.25	1.84
Distributions Declared	19,230	19,265	19,303	19,345	19,375	15,634	15,657	15,655	76,572	77,143	66,321
Distributions Declared per share ⁽¹⁾	0.26	0.26	0.26	0.26	0.26	0.21	0.21	0.21	1.04	1.04	0.89
Total Net Assets	700,434	694,451	696,300	709,704	714,290	728,960	743,229	781,959	687,380	709,704	781,959
Net Asset Value per share ⁽⁵⁾	\$ 9.47	\$ 9.37	\$ 9.38	\$ 9.54	\$ 9.59	\$ 9.79	\$ 9.97	\$ 10.49	\$ 9.31	\$ 9.54	\$ 10.49
Debt / Equity Ratio	0.44x	0.45x	0.59x	0.67x	0.64x	0.45x	0.48x	0.57x	0.50x	0.67x	0.57x
Debt / Equity Ratio, Net of Available Cash ⁽⁶⁾	0.44x	0.39x	0.57x	0.65x	0.59x	0.34x	0.43x	0.56x	0.49x	0.65x	0.56x

Please see Notes to the Investor Presentation on page 15

Portfolio Composition

Portfolio Purchases by Investment Type

<i>\$ in millions</i>	<u>3/31/13</u>	<u>6/30/13</u>	<u>9/30/13</u>	<u>12/31/13</u>	<u>3/31/14</u>	<u>6/30/14</u>	<u>9/30/14</u>	<u>12/31/14</u>
Senior Secured Loans - 1st Lien	\$ 1.0	\$ 41.4	\$ 19.9	\$ 25.9	\$ 2.0	\$ 46.5	\$ 86.0	\$ 79.7
Senior Secured Notes	25.5	9.7	0.3	9.2	-	20.8	-	-
Senior Secured Loans - 2nd Lien	19.2	126.7	88.4	54.8	46.5	5.9	45.0	51.8
Subordinated / Unsecured Debt	0.1	-	5.4	73.3	0.7	4.7	7.9	71.6
Preferred Equity	0.1	5.3	8.1	0.9	5.5	4.1	3.2	13.6
Common Equity	0.1	2.7	11.0	4.1	8.3	5.2	-	10.9
LP/LLC Interests	-	-	-	-	-	3.3	-	8.0
Equity Warrants	-	-	-	0.6	-	-	0.5	-
Total New Investments at Cost ⁽²⁾	\$ 46.0	\$ 185.8	\$ 133.1	\$ 168.8	\$ 63.0	\$ 90.5	\$ 142.6	\$ 235.6

Net Investments

<i>\$ in millions</i>	<u>3/31/13</u>	<u>6/30/13</u>	<u>9/30/13</u>	<u>12/31/13</u>	<u>3/31/14</u>	<u>6/30/14</u>	<u>9/30/14</u>	<u>12/31/14</u>
New Investments at Cost ⁽²⁾	\$ 46.0	\$ 185.8	\$ 133.1	\$ 168.8	\$ 63.0	\$ 90.5	\$ 142.6	\$ 235.6
Sales, Repayments, Other Exits at Cost	(104.2)	(199.1)	(16.0)	(123.3)	(188.0)	(192.5)	(117.3)	(83.7)
Net New Investments at Cost	\$ (58.2)	\$ (13.3)	\$ 117.1	\$ 45.5	\$ (125.0)	\$ (102.0)	\$ 25.3	\$ 151.9
Number of New Portfolio Company Investments	1	2	9	9	4	3	3	8
Number of Portfolio Company Exits	4	5	3	5	9	5	5	3

Please see Notes to the Investor Presentation on page 15

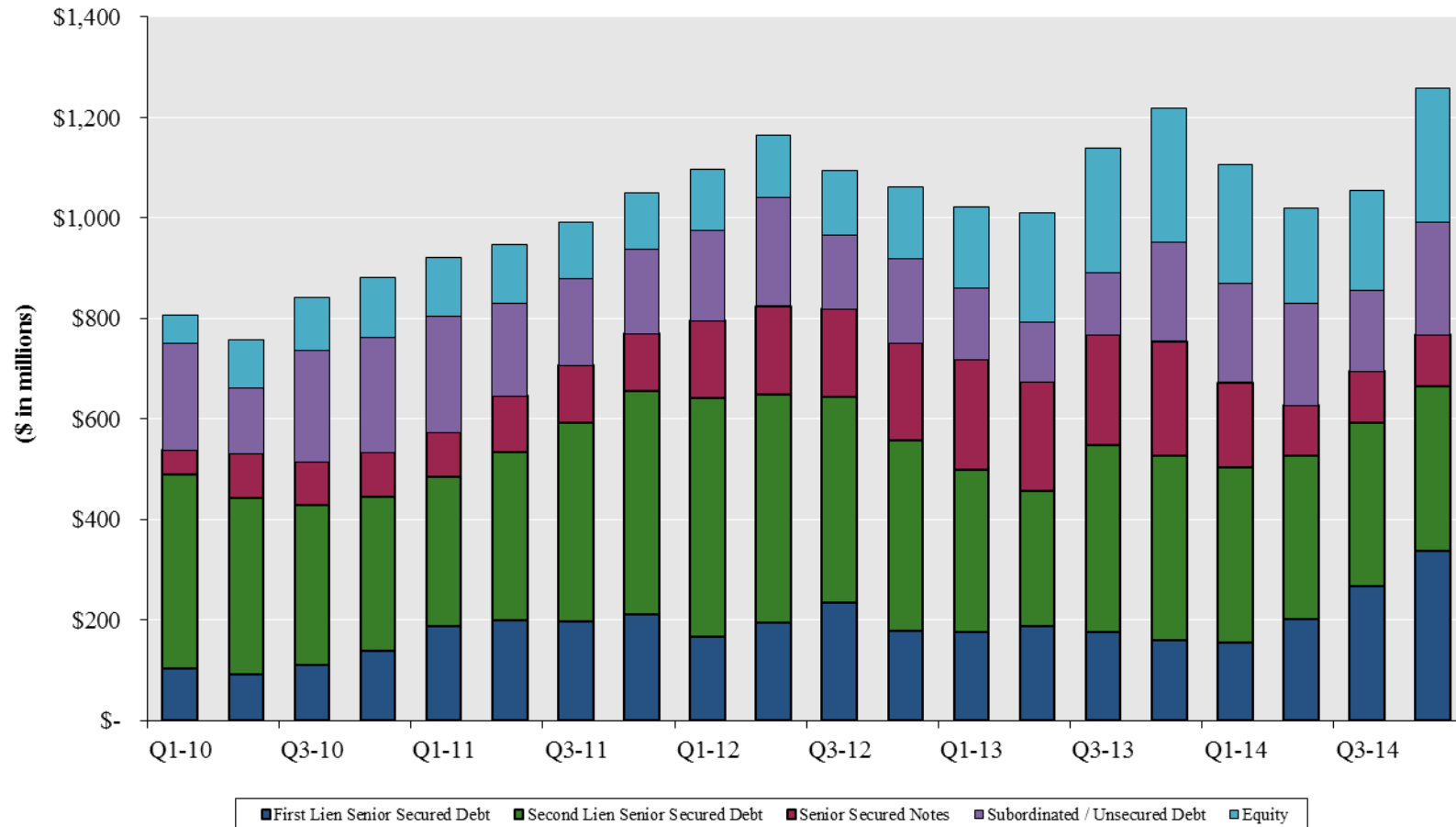
Portfolio Composition

<i>\$ in millions</i>	<u>3/31/13</u>	<u>6/30/13</u>	<u>9/30/13</u>	<u>12/31/13</u>	<u>3/31/14</u>	<u>6/30/14</u>	<u>9/30/14</u>	<u>12/31/14</u>
Senior Secured Loans	\$ 499.4	\$ 455.8	\$ 548.3	\$ 527.2	\$ 503.4	\$ 526.2	\$ 592.4	\$ 665.3
Senior Secured Notes	218.8	218.1	218.4	226.7	168.9	100.5	102.1	101.5
Subordinated / Unsecured Debt	143.2	117.8	123.2	196.9	197.2	202.1	161.5	225.1
Preferred Equity	6.9	32.6	38.1	24.9	30.0	34.1	29.3	40.5
Common Equity	78.7	100.7	125.6	143.4	129.1	72.5	78.8	107.0
LP/LLC Interests	58.0	61.6	60.8	68.4	69.6	75.4	79.4	98.6
Equity Warrants	17.9	22.5	24.8	30.6	7.9	8.6	10.2	19.8
Total Invested Assets at FMV	\$ 1,022.8	\$ 1,009.2	\$ 1,139.1	\$ 1,218.0	\$ 1,106.1	\$ 1,019.4	\$ 1,053.8	\$ 1,257.7

<u>Total Investment Portfolio at Fair Value⁽⁷⁾</u>	<u>3/31/13</u>	<u>6/30/13</u>	<u>9/30/13</u>	<u>12/31/13</u>	<u>3/31/14</u>	<u>6/30/14</u>	<u>9/30/14</u>	<u>12/31/14</u>
Senior Secured Loans	48.8%	45.2%	48.1%	43.4%	45.5%	51.7%	56.2%	52.9%
Senior Secured Notes	21.4%	21.6%	19.2%	18.6%	15.3%	9.9%	9.7%	8.1%
Subordinated / Unsecured Debt	14.0%	11.7%	10.8%	16.1%	17.8%	19.8%	15.3%	17.9%
Preferred Equity	0.7%	3.2%	3.4%	2.0%	2.7%	3.3%	2.8%	3.2%
Common Equity	7.7%	10.0%	11.0%	11.8%	11.7%	7.1%	7.5%	8.5%
LP/LLC Interests	5.7%	6.1%	5.3%	5.6%	6.3%	7.4%	7.5%	7.8%
Equity Warrants	1.7%	2.2%	2.2%	2.5%	0.7%	0.8%	1.0%	1.6%

Please see Notes to the Investor Presentation on page 15

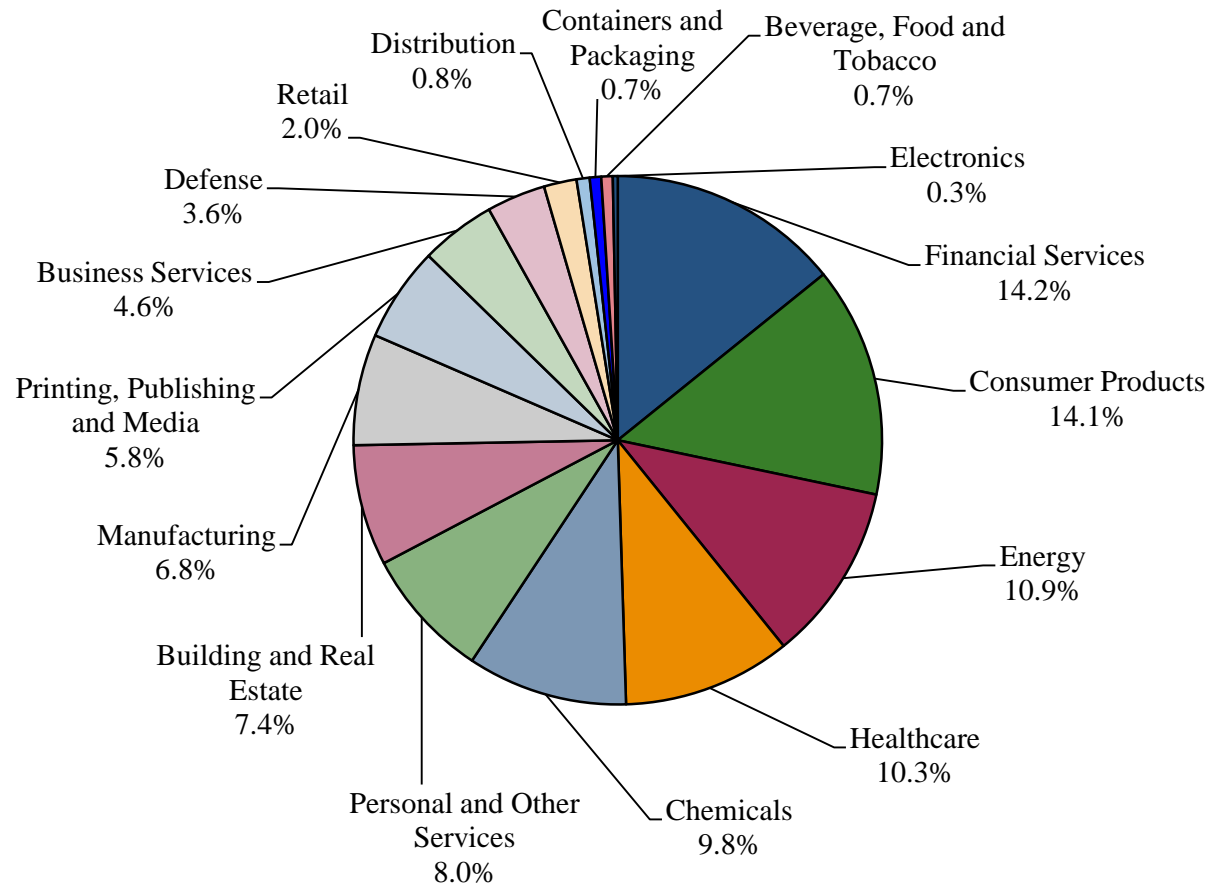
Portfolio Composition



- As of December 31, 2014, senior debt comprised 61.0% of the total portfolio⁽⁷⁾ at fair market value

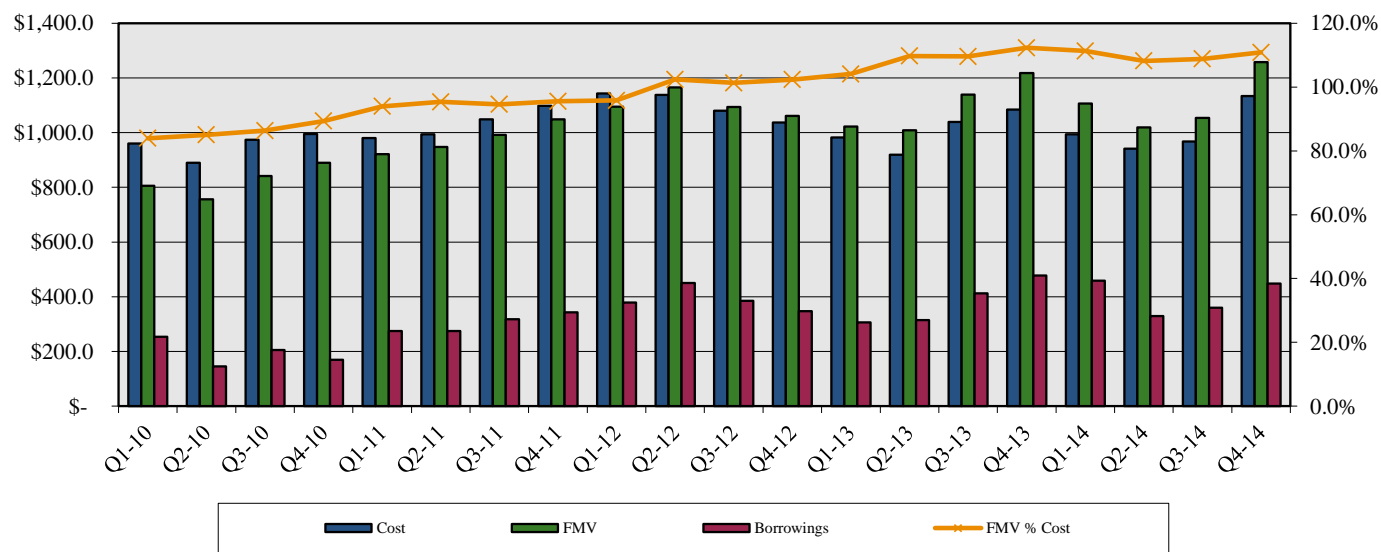
Portfolio Composition

Portfolio Composition by Industry at Fair Market Value



Portfolio Evolution

Quarterly Cost / FMV / Borrowings⁽⁸⁾

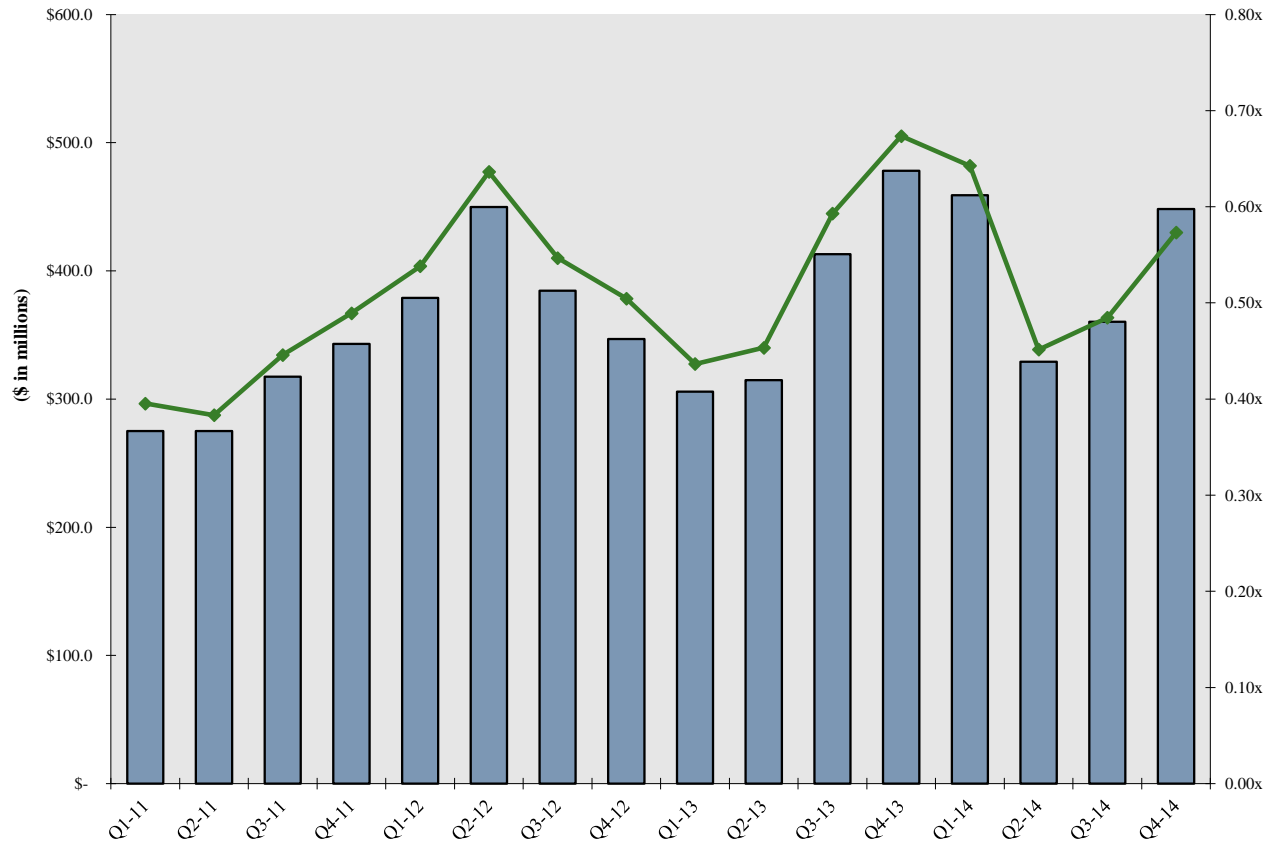


	2010	2011	2012	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
Cost	\$995.1	\$1,097.9	\$1,037.3	\$982.3	\$919.6	\$1,039.2	\$1,084.5	\$993.8	\$941.9	\$968.0	\$1,134.3
FMV	889.5	1,049.0	1,061.6	1,022.8	1,009.2	1,139.1	1,218.0	1,106.1	1,019.4	1,053.8	1,257.7
Borrowings	170.0	343.0	346.9	305.8	314.9	412.9	478.0	459.0	329.1	360.2	448.2
FMV % Cost	89.4%	95.5%	102.3%	104.1%	109.7%	109.6%	112.3%	111.3%	108.2%	108.9%	110.9%
Borrowings % FMV	19.1%	32.7%	32.7%	29.9%	31.2%	36.2%	39.2%	41.5%	32.3%	34.2%	35.6%
NAV per share	\$ 9.62	\$ 9.58	\$ 9.31	\$ 9.47	\$ 9.37	\$ 9.38	\$ 9.54	\$ 9.59	\$ 9.79	\$ 9.97	\$ 10.49
Share Price	\$ 11.06	\$ 8.16	\$ 10.06	\$ 10.00	\$ 9.36	\$ 9.48	\$ 9.33	\$ 9.17	\$ 9.11	\$ 8.54	\$ 8.20
Share Price / NAV per share	115.0%	85.2%	108.1%	105.6%	99.9%	101.1%	97.8%	95.6%	93.1%	85.7%	78.2%

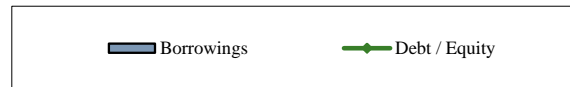
Please see Notes to the Investor Presentation on page 15

Asset Coverage

Quarterly Borrowings⁽⁸⁾



- \$325.5 million in excess asset coverage (1:1 test)⁽⁹⁾
- Credit facility availability of \$261.0 million



Please see Notes to the Investor Presentation on page 15

Reconciliation of Net Investment Income

	Q1 2014		Q2 2014		Q3 2014		Q4 2014		FY 2014	
	\$'s	per share ⁽¹⁾	\$'s	per share ⁽¹⁾	\$'s	per share ⁽¹⁾	\$'s	per share ⁽¹⁾	\$'s	per share ⁽¹⁾
GAAP Basis:										
Net Investment Income	\$ 11,094,195	\$ 0.15	\$ 16,431,325	\$ 0.22	\$ 19,332,458	\$ 0.26	\$ 3,513,728	\$ 0.05	\$ 50,371,706	\$ 0.68
Net Increase in Net Assets from Operations	22,916,519	0.31	30,867,050	0.41	28,969,522	0.39	54,486,945	0.73	137,240,036	1.84
Addback: GAAP incentive management fee expense based on Gains	3,459,865	0.05	2,968,924	0.04	593,837	0.01	10,510,583	0.14	17,533,209	0.24
Addback: GAAP incentive management fee expense based on Income	-	-	-	-	-	-	9,972,822	0.13	9,972,822	0.13
Pre-Incentive Fee⁽³⁾										
Net Investment Income	14,554,060	0.20	19,400,249	0.26	19,926,295	0.27	23,997,133	0.32	77,877,737	1.04
Net Increase in Net Assets from Operations	26,376,384	0.35	33,835,974	0.45	29,563,359	0.40	74,970,350	1.01	164,746,067	2.21
Less: Incremental incentive management fee expense based on Income	(277,207)	-	(2,576,791)	(0.03)	(2,613,638)	(0.04)	(4,505,186)	(0.06)	(9,972,822)	(0.13)
As Adjusted⁽³⁾										
Net Investment Income	14,276,853	0.19	16,823,458	0.23	17,312,657	0.23	19,491,947	0.26	67,904,915	0.91
Net Increase in Net Assets from Operations	\$ 26,099,177	\$ 0.35	\$ 31,259,183	\$ 0.42	\$ 26,949,721	\$ 0.36	\$ 70,465,164	\$ 0.95	\$ 154,773,245	\$ 2.08

Please see Notes to the Investor Presentation on page 15



Current Market Environment

The Middle Market Offers More Attractive Opportunities for Investors

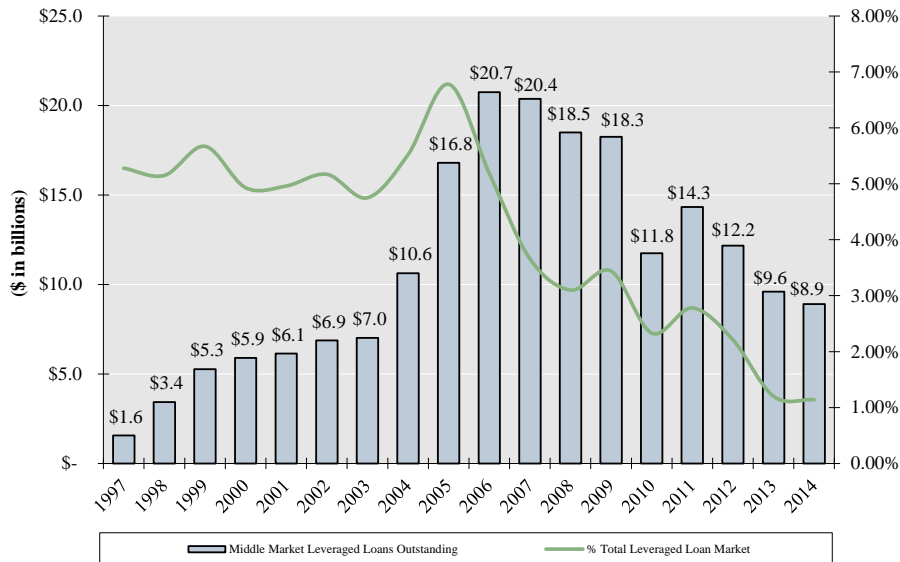
General Characteristics

- ✓ Typically \$50 million to \$1 billion in revenues
- ✓ Fundamental credit analysis comparatively more important
- ✓ If rated, rating agencies likely assign lower rating
- ✓ Middle-market investments typically include inherent structural and credit protections
- ✓ High level of acquisition activity (realization opportunities)

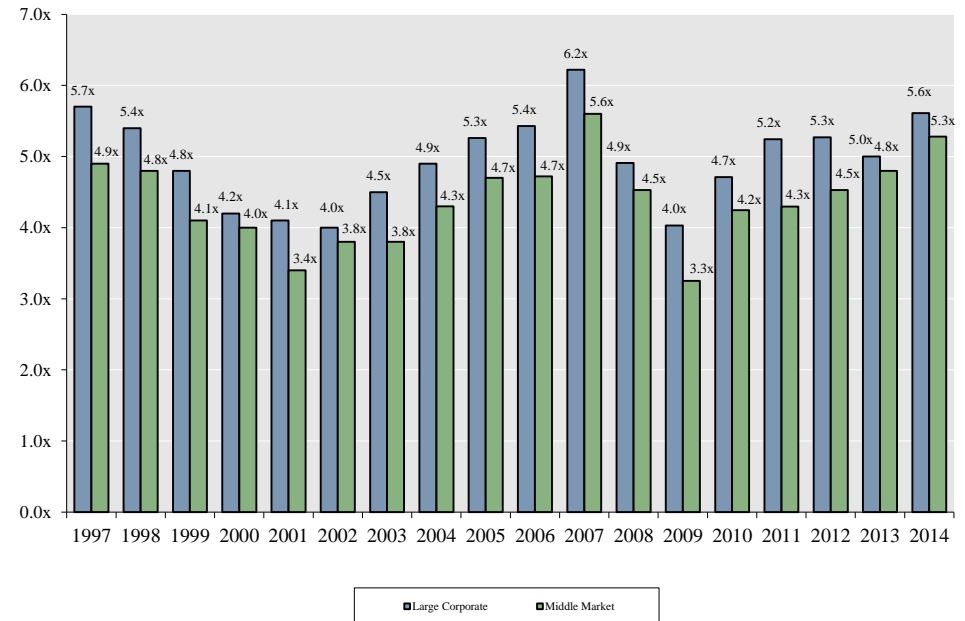
Benefits

- ✓ Attractive yields
- ✓ Conservative capital structures
- ✓ Strong recovery rates
- ✓ Smaller investor groups and active lender involvement
- ✓ Involvement of equity sponsors
- ✓ Issuer diversification

Middle Market Leveraged Loans Outstanding



Average Debt Multiples of LBO Loans



Source: Standard & Poor's LCD High End Middle Market Lending Review Q4 2014.



Notes to the Investor Presentation

Notes to the Investor Presentation

⁽¹⁾ *Income statement data per share excludes the impact of diluted weighted average shares outstanding.*

⁽²⁾ *Includes PIK interest and dividends earned during the period presented.*

⁽³⁾ *As Adjusted: Amounts are adjusted to remove the incentive management fee expense based on Gains, as required by GAAP, and to include only the incremental incentive management fee expense based on Income. The incremental incentive management fee is based on each trailing four-fiscal quarter period, applied to the current quarter's incremental earnings, and without any reduction for incentive management fees paid during the prior three quarters. Amounts reflect the Company's ongoing operating results and reflect the Company's financial performance over time.*

Pre-Incentive Fee: Amounts are adjusted to remove all incentive management fees. Such fees are calculated but not necessarily due and payable at this time.

⁽⁴⁾ *Excludes portfolio company investments below \$5.0 million.*

⁽⁵⁾ *Balance sheet per share data utilizes total shares outstanding at end of period.*

⁽⁶⁾ *Debt adjusted for cash and cash equivalents.*

⁽⁷⁾ *Total investment portfolio excludes cash and cash equivalents.*

⁽⁸⁾ *Borrowings consist of debt, as listed in public filings.*

⁽⁹⁾ *Asset coverage ratio was 271% as of December 31, 2014.*

Note: Schedules may diverge from public financials due to rounding.