

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
OMB Number:	3235-0287
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1. Name and Address of Reporting Person* <u>Lazar Michael B</u>  (Last) (First) (Middle) <u>C/O BLACKROCK KELSO CAPITAL CORPORATION</u> <u>40 EAST 52ND STREET</u>  (Street) <u>NEW YORK NY 10022</u>  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>BlackRock Kelso Capital CORP [ N/A ]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input checked="" type="checkbox"/> Other (specify below) <u>Chief Operating Officer / C.O.O. of investment adviser</u>
	3. Date of Earliest Transaction (Month/Day/Year) <u>01/02/2007</u>	
4. If Amendment, Date of Original Filed (Month/Day/Year)		

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock, par value \$0.001 per share	01/02/2007		A		6,666.667 <sup>(1)</sup>	A	\$0 <sup>(1)</sup>	6,666.667	D	
Common Stock, par value \$0.001 per share								39,608.111	I	By BlackRock Kelso Capital Super Holdings LLC <sup>(2)</sup>
Common Stock, par value \$0.001 per share								5,721.008	I	By BlackRock Kelso Capital Advisors LLC <sup>(3)</sup>
Common Stock, par value \$0.001 per share								30,171.42	I	By Michael B. Lazar IRA <sup>(4)</sup>
Common Stock, par value \$0.001 per share								1,655.646	I	By Lazar 2005 Family Trust, U/T/A dated 6/14/2005 <sup>(5)</sup>

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date					

**Explanation of Responses:**

- Restricted Shares granted by BlackRock Kelso Capital Advisors LLC ("Advisor") pursuant to a Restricted Stock Agreement, dated January 2, 2007, based on an estimated net asset value per share of Common Stock of the Issuer at December 31, 2006 of \$15.00, subject to adjustment based on actual net asset value per share at such date when approved by the board of directors of the Issuer. Restricted Shares vest as to approximately one third of the Restricted Shares on each of the first, second and third anniversaries of January 2, 2007.
- Owned indirectly through the Reporting Person's direct ownership of interests in BlackRock Kelso Capital Super Holdings LLC ("Super"), which owns Common Stock of the Issuer through its indirect ownership of interests in BlackRock Kelso Capital Holding LLC ("Holding").

3. Owned indirectly through the Reporting Person's direct ownership of interests in Advisor, which owns Common Stock of the Issuer through its indirect ownership of interests in Holding.
4. The Reporting Person has a pecuniary interest in Michael B. Lazar IRA, which has a direct ownership interest in Super. See Footnote 2.
5. The Reporting has a pecuniary interest in Lazar 2005 Family Trust, U/T/A dated 6/14/2005, which has a direct ownership interest in Advisor. See Footnote 3.

Michael B. Lazar, by Farzad Samimi, Attorney-in-Fact      01/04/2007

\*\* Signature of Reporting Person      Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.**