



# **BLACKROCK KELSO CAPITAL**

**Investor Presentation**

**November 2011**

# Forward Looking Statements

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# Agenda

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## **I. BlackRock Kelso Capital Overview**

# Investment Selection Criteria

## Focus on Value and Cash Flow

- ✓ Premium on fundamental analysis and value from an investor's perspective
- ✓ Invest at low multiples of operating cash flow in companies profitable at the time of investment on an operating cash flow basis
- ✓ Typically do not invest in start-up companies or companies having speculative business plans

## Competitive Position in Industry

- ✓ Companies that have strong market positions and are well suited to capitalize on growth opportunities
- ✓ Companies that demonstrate significant competitive advantages that aid to protect their market position and profitability

## Experienced Management

- ✓ Generally require that portfolio companies have an experienced management team
- ✓ Generally require portfolio companies to have in place proper incentives to induce management to succeed and to act in concert with investor interests, which may include a significant equity stake

## Investment Exit Strategy

- ✓ Internally generated cash flow for debt repayment
- ✓ Strategic acquisition by other industry participants
- ✓ Initial public offering of common stock or another capital market transaction
- ✓ Exit equity investments via repurchases by the company and sales pursuant to M&A

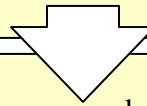
## Liquidation Value of Assets

- ✓ Enterprise value focus
- ✓ Prospective liquidation value of the assets that collateralize loans
- ✓ Emphasize both tangible assets, such as accounts receivable, inventory, equipment and real estate, as well as intangible assets, such as intellectual property, customer lists, networks, and databases

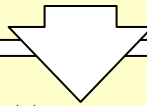
# Thorough Investment Process

## Due Diligence

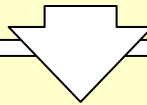
Review financials, business plan, due diligence materials and industry analysis  
Investment committee provides guidance and resources for due diligence process



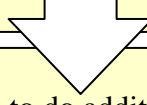
Visit management, sponsor, and company facilities  
Investment committee provides senior transaction and industry resources



Access management teams and other experts  
Leverage the resources of our partners



Conduct competitive analysis, collateral analysis, and determine exit strategy  
Evaluate from an equity owner's perspective



Engage lawyers and consultants to do additional research and diligence  
Review due diligence findings

*Post approval, BlackRock Kelso Capital works to structure investments quickly and effectively*

# Comprehensive Portfolio Management

## Detailed review and rating process

- Review financial statements and reports
- Evaluate adherence to business plan and covenants
- Compare to other industry participants

## Financial performance of existing portfolio companies is evaluated by the deal team on at least a quarterly basis

- Monthly and/or quarterly financials are analyzed by the deal team
- Discussions with management are conducted to review the performance of the businesses
- In many cases, BKCC maintains observation rights or seats on the portfolio companies' boards of directors

## Update memos are prepared for each portfolio company by the respective deal team at least quarterly

- Memos are reviewed at the weekly investment professionals' meeting

## A separate investment rating meeting is held and attended by all transaction professionals each quarter

- Each investment is reviewed by its primary deal team and given a suggested rating level to be discussed among all transaction professionals
- At the conclusion of discussion, and subject to the approval of senior management, the chief financial officer records the internal investment ratings for review by the Board of Directors

*All investments that are rated at levels other than the highest rating are reviewed on a weekly basis by the transaction professionals and management*



## **II. Financial Summary**



# Financial and Portfolio Summary

## Financial Highlights

Amounts shown on per share basis; share count in millions

	Three Months Ending				
	9/30/11	6/30/11	3/31/11	12/31/10	9/30/10
Net Investment Income <sup>(3)</sup>	\$ 0.29	\$ 0.35	\$ 0.20	\$ 0.03	\$ 0.26
Net Realized Gains (Losses) <sup>(3)</sup>	\$ 0.02	\$ (0.01)	\$ (0.59)	\$ (0.39)	\$ 0.02
Net Unrealized Gains (Losses) <sup>(3)</sup>	\$ (0.13)	\$ 0.19	\$ 0.63	\$ 0.39	\$ (0.03)
Net Income <sup>(3)</sup>	\$ 0.18	\$ 0.53	\$ 0.25	\$ 0.03	\$ 0.25
Net Asset Value at End of Period <sup>(4)</sup>	\$ 9.75	\$ 9.83	\$ 9.56	\$ 9.62	\$ 9.76
Dividends Declared <sup>(3)</sup>	\$ 0.26	\$ 0.26	\$ 0.32	\$ 0.32	\$ 0.32
Basic and Diluted Weighted Average Shares Outstanding	73.1	73.0	72.8	70.9	65.5
Total Shares Outstanding at End of Period	73.0	73.0	72.8	72.6	65.5

## Portfolio Summary

\$ in thousands

	9/30/11	6/30/11	3/31/11	12/31/10	9/30/10
Investment Portfolio at Cost <sup>(5)</sup>	\$ 1,048,672	\$ 993,646	\$ 980,490	\$ 985,678	\$ 966,827
Investment Portfolio at Fair Value	\$ 992,262	\$ 947,656	\$ 921,188	\$ 880,086	\$ 833,747
Fair Value % Cost	94.6%	95.4%	94.0%	89.3%	86.2%
Number of Portfolio Companies	54	55	52	50	51
Average Investment Size at Cost	\$ 19,420	\$ 18,066	\$ 18,856	\$ 19,714	\$ 18,957
Yield on Income Producing Capital at Cost	11.9%	11.5%	11.4%	10.9%	10.5%
Yield on Senior Secured Loans at Cost	11.7%	11.1%	10.8%	10.1%	9.4%
Yield on Other Debt Securities at Cost	12.1%	11.9%	12.2%	12.1%	11.9%
<b>Total Investment Portfolio at Fair Value<sup>(6)</sup></b>					
Senior Secured Loans & Notes	71.2%	68.1%	62.2%	60.6%	61.1%
Unsecured & Subordinated Debt	17.2%	19.4%	25.0%	26.1%	26.3%
Preferred & Common Equity & Warrants	11.5%	12.5%	12.8%	13.3%	12.6%

## Portfolio Activity

\$ in thousands

	Three Months Ending				
	9/30/11	6/30/11	3/31/11	12/31/10	9/30/10
New Investments at Cost	\$ 139,402	\$ 81,575	\$ 39,551	\$ 84,240	\$ 177,428
Sales, Repayments, Other Exits at Cost	(87,592)	(71,375)	(4,047)	(41,038)	(100,206)
Net New Investments at Cost	\$ 51,810	\$ 10,200	\$ 35,505	\$ 43,202	\$ 77,223
New Portfolio Company Investments	3	4	2	3	4
Portfolio Company Exits	4	1	-	4	4

Please see Notes to the Investor Presentation on page 21

# Select Historical Financial Information

## Financial History

<i>\$ in thousands, except per share data</i>	Three Months Ending								Full Year		
	9/30/11	6/30/11	3/31/11	12/31/10	9/30/10	6/30/10	3/31/10	12/31/09	9/30/09	12/31/10	12/31/09
Net Investment Income Before Incentive Fees	\$ 20,965	\$ 25,739	\$ 14,877	\$ 16,968	\$ 16,811	\$ 20,421	\$ 20,759	\$ 21,803	\$ 21,782	\$ 74,959	\$ 92,871
Net Investment Income Before Incentive Fees per share <sup>(3)</sup>	\$ 0.29	\$ 0.35	\$ 0.20	\$ 0.24	\$ 0.26	\$ 0.36	\$ 0.37	\$ 0.39	\$ 0.39	\$ 1.20	\$ 1.66
Net Investment Income	\$ 20,965	\$ 25,739	\$ 14,877	\$ 2,354	\$ 16,811	\$ 20,421	\$ 20,265	\$ 4,984	\$ 21,782	\$ 59,851	\$ 76,053
Net Investment Income per share <sup>(3)</sup>	\$ 0.29	\$ 0.35	\$ 0.20	\$ 0.03	\$ 0.26	\$ 0.36	\$ 0.36	\$ 0.09	\$ 0.39	\$ 0.96	\$ 1.36
Net Investment Income, as adjusted <sup>(7)</sup>	\$ 18,008	\$ 20,897	\$ 14,606	\$ 13,777	\$ 13,020	\$ 16,290	\$ 16,764	\$ 18,499	\$ 17,585	\$ 59,851	\$ 76,053
Adjusted Net Investment Income per share	\$ 0.25	\$ 0.29	\$ 0.20	\$ 0.19	\$ 0.20	\$ 0.28	\$ 0.30	\$ 0.33	\$ 0.31	\$ 0.96	\$ 1.36
Net Realized / Unrealized Gains (Losses)	\$ (8,027)	\$ 13,179	\$ 3,138	\$ 62	\$ (496)	\$ 1,914	\$ 10,218	\$ 11,355	\$ 9,364	\$ 11,699	\$ (8,813)
Net Realized / Unrealized Gains (Losses) per share <sup>(3)</sup>	\$ (0.11)	\$ 0.18	\$ 0.04	\$ 0.00	\$ (0.01)	\$ 0.03	\$ 0.18	\$ 0.20	\$ 0.17	\$ 0.19	\$ (0.16)
Net Income	\$ 12,937	\$ 38,918	\$ 18,015	\$ 2,416	\$ 16,316	\$ 22,335	\$ 30,483	\$ 16,339	\$ 31,146	\$ 71,550	\$ 67,240
Net Income per share <sup>(3)</sup>	\$ 0.18	\$ 0.53	\$ 0.25	\$ 0.03	\$ 0.25	\$ 0.39	\$ 0.54	\$ 0.29	\$ 0.55	\$ 1.14	\$ 1.20
Dividends Declared	\$ 18,984	\$ 18,983	\$ 23,354	\$ 23,222	\$ 20,964	\$ 18,157	\$ 18,112	\$ 18,072	\$ 9,015	\$ 80,456	\$ 44,821
Dividends Declared per share <sup>(3)</sup>	\$ 0.26	\$ 0.26	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.16	\$ 1.28	\$ 0.80
Total Net Assets	\$ 711,784	\$ 717,617	\$ 695,433	\$ 698,480	\$ 639,078	\$ 642,416	\$ 552,954	\$ 539,563	\$ 540,376	\$ 698,480	\$ 539,563
Net Asset Value per share <sup>(4)</sup>	\$ 9.75	\$ 9.83	\$ 9.56	\$ 9.62	\$ 9.76	\$ 9.83	\$ 9.77	\$ 9.55	\$ 9.59	\$ 9.62	\$ 9.55
Book Debt / Book Equity Ratio	0.45x	0.38x	0.40x	0.24x	0.32x	0.23x	0.46x	0.55x	0.64x	0.24x	0.55x
Book Debt / Book Equity Ratio, Net of Available Cash <sup>(8)</sup>	0.40x	0.32x	0.32x	0.24x	0.24x	0.19x	0.45x	0.54x	0.64x	0.24x	0.54x

Please see Notes to the Investor Presentation on page 21

# Select Historical Portfolio Information

## Portfolio History

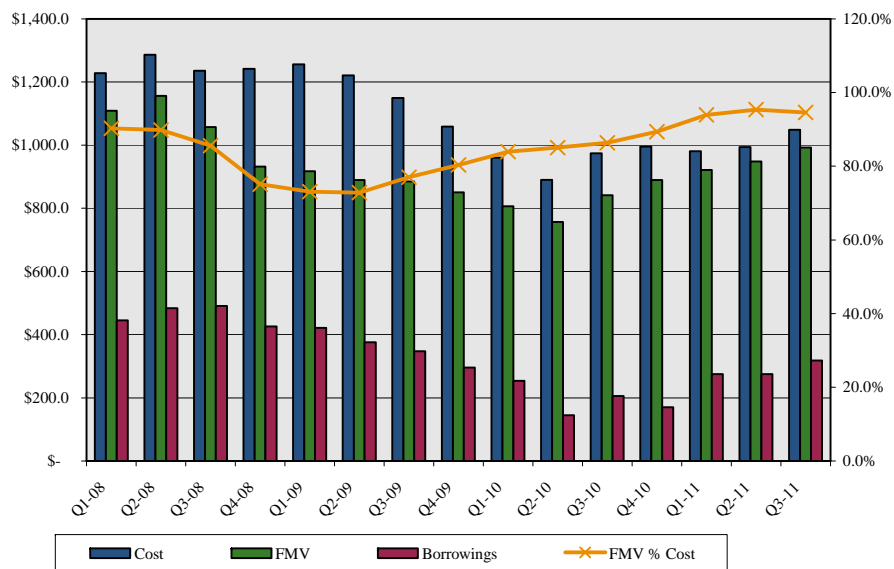
*\$ in thousands, except per share data  
As of and for the Three Months Ending,*

	9/30/11	6/30/11	3/31/11	12/31/10	9/30/10	6/30/10	3/31/10	12/31/09
Investment Portfolio at Cost <sup>(5)</sup>	\$ 1,048,672	\$ 993,646	\$ 980,490	\$ 985,678	\$ 966,827	\$ 886,663	\$ 957,362	\$ 1,054,820
Investment Portfolio at Fair Value <sup>(5)</sup>	\$ 992,262	\$ 947,656	\$ 921,188	\$ 880,086	\$ 833,747	\$ 753,591	\$ 803,329	\$ 846,742
Fair Value % Cost	94.6%	95.4%	94.0%	89.3%	86.2%	85.0%	83.9%	80.3%
Number of Portfolio Companies	54	55	52	50	51	51	55	57
Average Investment Size at Cost	\$ 19,420	\$ 18,066	\$ 18,856	\$ 19,714	\$ 18,957	\$ 17,386	\$ 17,407	\$ 18,506
Weighted Average Yield on Invested Capital at Cost	11.9%	11.5%	11.4%	10.9%	10.5%	10.5%	11.6%	11.2%
Weighted Average Yield on Senior Secured Loans at Cost	11.7%	11.1%	10.8%	10.1%	9.4%	10.0%	10.3%	9.4%
Weighted Average Yield on Other Debt Securities at Cost	12.1%	11.9%	12.2%	12.1%	11.9%	11.3%	13.9%	14.2%
<u>Total Investment Portfolio at Fair Value<sup>(6)</sup></u>								
Senior Secured Loans & Notes	71.2%	68.1%	62.2%	60.6%	61.1%	70.1%	66.8%	64.8%
Unsecured & Subordinated Debt	17.2%	19.4%	25.0%	26.1%	26.3%	17.4%	26.3%	30.6%
Preferred & Common Equity & Warrants	11.5%	12.5%	12.8%	13.3%	12.6%	12.5%	7.0%	4.6%
New Investments at Cost	\$ 139,402	\$ 81,575	\$ 39,551	\$ 84,240	\$ 177,428	\$ 127,847	\$ 16,442	\$ 8,585
Sales, Repayments, Other Exits at Cost	(87,592)	(71,375)	(4,047)	(41,038)	(100,206)	(181,349)	(72,676)	(55,976)
Net New Investments at Cost	\$ 51,810	\$ 10,200	\$ 35,505	\$ 43,202	\$ 77,223	\$ (53,502)	\$ (56,235)	\$ (47,391)
Number of New Portfolio Company Investments	3	4	2	3	4	1	-	-
Number of Portfolio Company Exits	4	1	-	4	4	5	2	3

Please see Notes to the Investor Presentation on page 21

# Portfolio Evolution

Quarterly Cost / FMV / Borrowings<sup>(5,9)</sup>



	Q1-08	Q2-08	Q3-08	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11
Cost	\$ 1,228.1	\$ 1,286.4	\$ 1,235.1	\$ 1,241.1	\$ 1,256.2	\$ 1,220.8	\$ 1,149.2	\$ 1,058.7	\$ 960.0	\$ 889.8	\$ 974.1	\$ 995.1	\$ 980.5	\$ 993.6	\$ 1,048.7
FMV	1,109.0	1,155.8	1,057.1	932.1	917.9	889.5	884.9	850.7	806.0	756.8	841.1	889.5	921.2	947.7	992.3
Borrowings	444.9	484.0	491.0	426.0	421.5	376.0	347.5	296.0	253.5	145.0	205.5	170.0	275.0	275.0	317.5
FMV % Cost	90.3%	89.8%	85.6%	75.1%	73.1%	72.9%	77.0%	80.3%	84.0%	85.0%	86.3%	89.4%	94.0%	95.4%	94.6%
Borrowings % FMV	40.1%	41.9%	46.4%	45.7%	45.9%	42.3%	39.3%	34.8%	31.5%	19.2%	24.4%	19.1%	29.9%	29.0%	32.0%

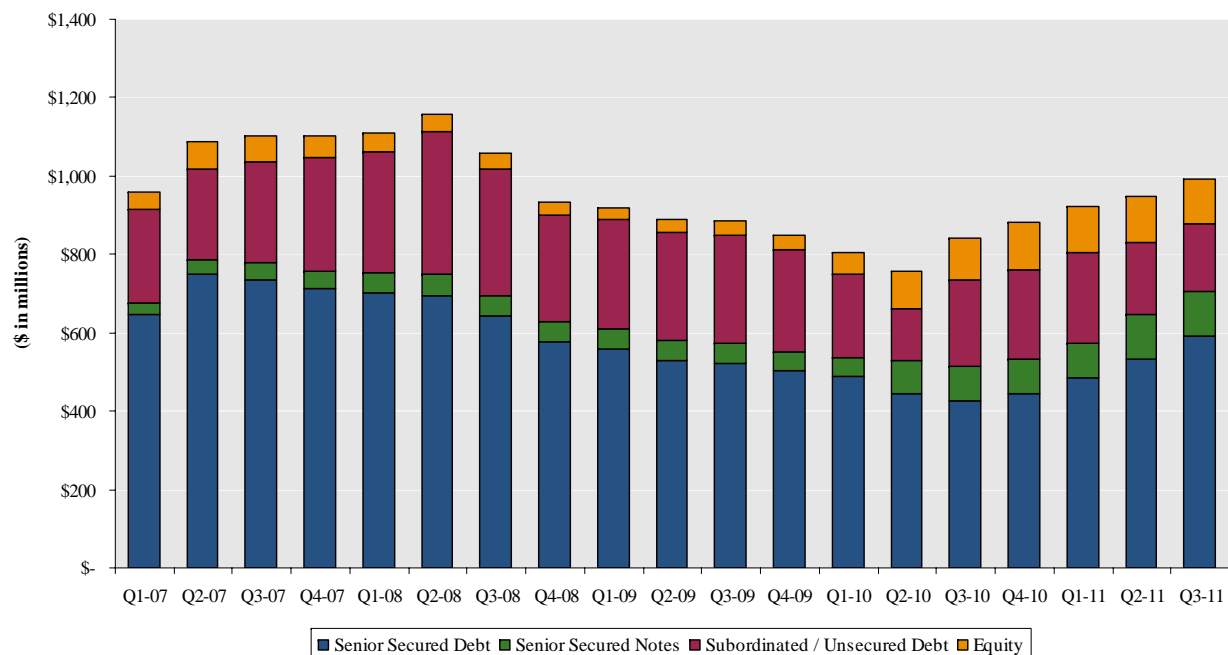
Please see Notes to the Investor Presentation on page 21

# Defensive Portfolio Composition

BKCC's senior debt focus and conservative investment composition have helped its portfolio performance during the current recession

- As of September 30, 2011, senior debt comprised 71.2% of the total portfolio at fair market value

Portfolio Composition by Investment Type<sup>(6)</sup>



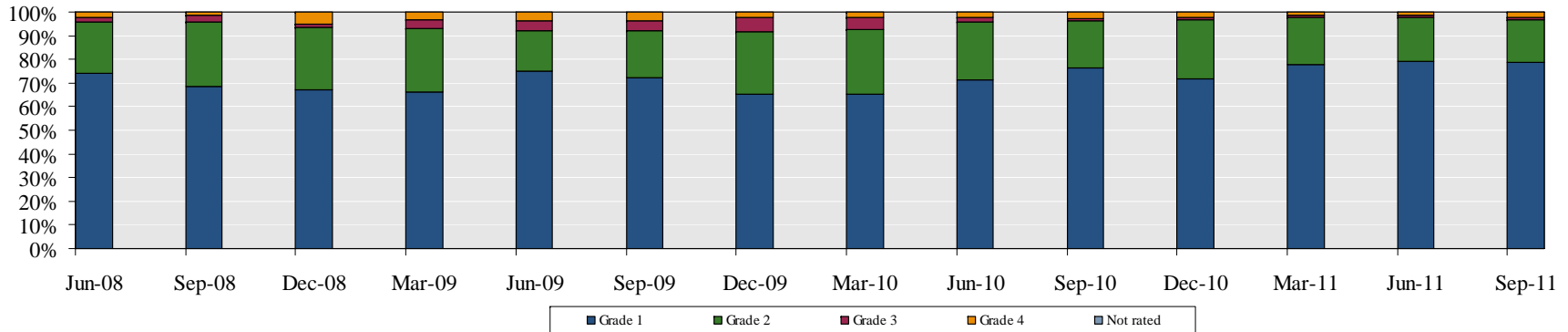
	Q2-07	Q3-07	Q4-07	Q1-08	Q2-08	Q3-08	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11
Senior Secured Debt	\$ 748.1	\$ 734.9	\$ 713.2	\$ 702.9	\$ 695.4	\$ 642.3	\$ 576.0	\$ 558.2	\$ 528.1	\$ 520.1	\$ 503.2	\$ 489.8	\$ 443.4	\$ 427.6	\$ 444.8	\$ 485.2	\$ 532.6	\$ 592.1
Senior Secured Notes	37.4	45.0	44.8	51.4	52.5	51.5	52.3	51.3	52.3	51.7	48.4	48.3	86.9	86.5	88.3	88.1	112.6	114.6
Subordinated / Unsecured Debt	232.5	257.5	289.1	306.9	363.9	324.0	271.7	280.1	276.6	275.7	260.2	211.6	132.0	221.0	228.3	230.4	184.1	171.1
Equity	69.3	64.0	56.6	47.8	44.0	39.3	32.1	28.4	32.4	37.5	38.9	56.4	94.5	106.0	118.7	117.5	118.4	114.5
<b>Total<sup>(5)</sup></b>	<b>\$ 1,087.3</b>	<b>\$ 1,101.3</b>	<b>\$ 1,103.8</b>	<b>\$ 1,109.0</b>	<b>\$ 1,155.8</b>	<b>\$ 1,057.1</b>	<b>\$ 932.1</b>	<b>\$ 917.9</b>	<b>\$ 889.5</b>	<b>\$ 884.9</b>	<b>\$ 850.7</b>	<b>\$ 806.0</b>	<b>\$ 756.8</b>	<b>\$ 841.1</b>	<b>\$ 880.1</b>	<b>\$ 921.2</b>	<b>\$ 947.7</b>	<b>\$ 992.3</b>
	Q2-07	Q3-07	Q4-07	Q1-08	Q2-08	Q3-08	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11
% Senior Debt	72.2%	70.8%	68.7%	68.0%	64.7%	65.6%	67.4%	66.4%	65.3%	64.6%	64.8%	66.8%	70.1%	61.1%	60.6%	62.2%	68.1%	71.2%
% Sub Debt	21.4%	23.4%	26.2%	27.7%	31.5%	30.6%	29.1%	30.5%	31.1%	31.1%	30.6%	26.3%	17.4%	26.3%	25.9%	25.0%	19.4%	17.2%
% Equity	6.4%	5.8%	5.1%	4.3%	3.8%	3.7%	3.4%	3.1%	3.6%	4.2%	4.6%	7.0%	12.5%	12.6%	13.5%	12.8%	12.5%	11.5%

Please see Notes to the Investor Presentation on page 21

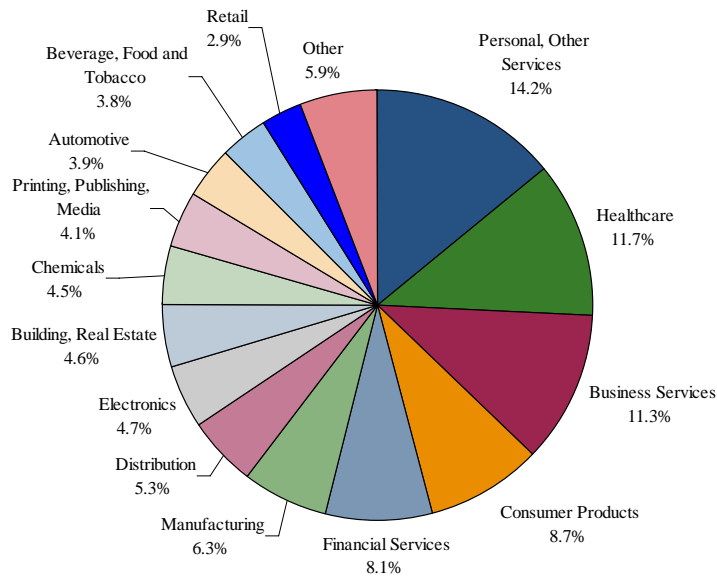
# Conservatively Positioned Portfolio

Portfolio Composition by Investment Rating at Fair Market Value<sup>(1)</sup>

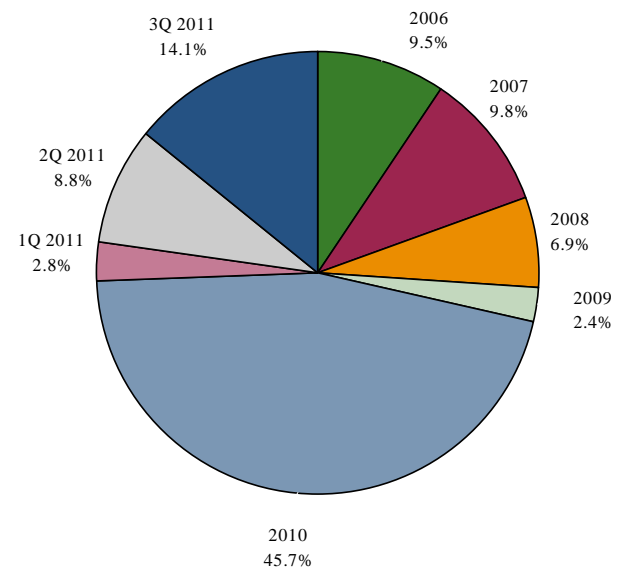
Portfolio Ratings by Market Value Over Time



Portfolio Composition by Industry at Fair Market Value<sup>(1)</sup>



Portfolio Composition by Vintage<sup>(1,10)</sup>



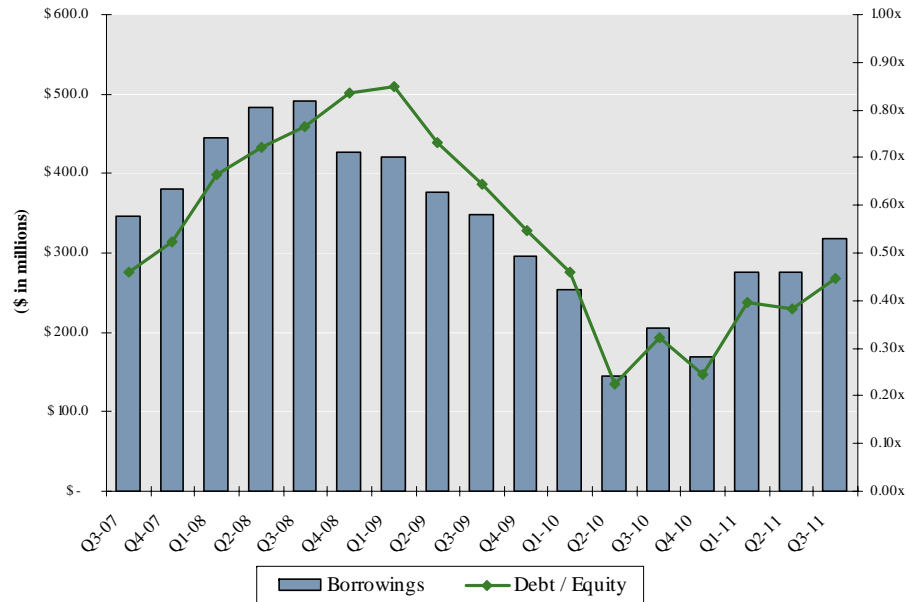
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# Increased Liquidity and Investment Capacity

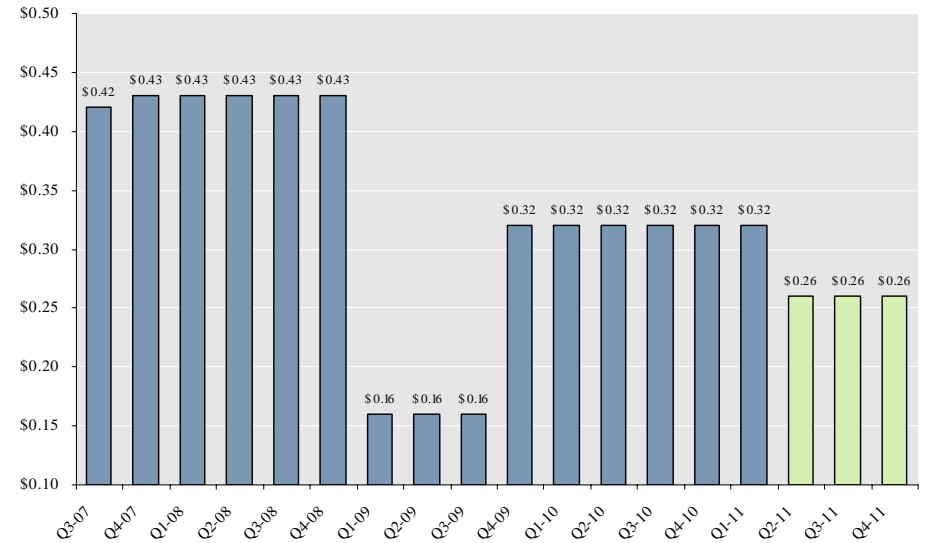
## BKCC continues to pursue a conservative strategy of capital preservation

- Conservative dividend distribution policy
- \$392.2 million in excess asset coverage (1:1 test) and subject to compliance with applicable covenants and borrowing base limitations, the remaining amount available under the Company's credit facility was \$232.6 September 30, 2011<sup>(13)</sup>

### Quarterly Borrowings



### Quarterly Dividends (\$ Per Share)



*BKCC has significant capacity to take advantage of new investment opportunities in today's market*

# Portfolio Summary

For the quarters ending

	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11
New Investments at Cost	\$ 76.2	\$ 94.6	\$ 80.0	\$ 8.7	\$ 13.9	\$ 15.3	\$ 11.9	\$ 11.0	\$ 8.6	\$ 16.4	\$ 127.8	\$ 177.4	\$ 84.2	\$ 39.6	\$ 81.5	\$ 139.4
Senior Secured Loans	713.2	702.9	695.4	642.3	576.0	558.2	528.1	520.1	503.2	489.8	443.4	427.6	450.3	485.2	532.6	592.1
Senior Secured Notes	44.8	51.4	52.5	51.5	52.3	51.3	52.3	51.7	48.4	48.3	86.9	86.5	88.3	88.1	112.6	114.6
Subordinated / Unsecured Debt	289.1	306.9	363.9	324.0	271.7	280.1	276.6	275.7	260.2	211.6	132.0	221.0	232.1	230.4	184.1	171.1
Equity Warrants	1.1	1.2	1.3	1.1	0.0	0.0	0.1	0.2	1.0	3.8	4.6	5.2	5.6	4.6	4.6	5.0
Preferred Equity	14.2	9.0	5.7	5.7	10.2	8.4	7.7	6.8	5.9	6.1	5.3	5.4	6.6	6.2	6.1	7.7
Common Equity	12.3	11.6	11.2	10.6	9.3	9.2	16.2	18.0	18.9	24.5	62.7	71.7	83.2	81.1	78.2	71.5
LP/LLC Interests	29.0	26.0	25.8	21.9	12.5	10.8	8.3	12.4	13.1	21.9	21.9	23.7	23.4	25.6	29.5	30.2
<b>Total Invested Assets at FMV</b>	<b>\$ 1,103.8</b>	<b>\$ 1,109.0</b>	<b>\$ 1,155.8</b>	<b>\$ 1,057.1</b>	<b>\$ 932.1</b>	<b>\$ 917.9</b>	<b>\$ 889.5</b>	<b>\$ 884.9</b>	<b>\$ 850.7</b>	<b>\$ 806.0</b>	<b>\$ 756.8</b>	<b>\$ 841.1</b>	<b>\$ 889.5</b>	<b>\$ 921.2</b>	<b>\$ 947.7</b>	<b>\$ 992.3</b>
Weighted Average Yield <sup>(11)</sup>	12.4%	11.3%	11.3%	11.9%	11.0%	10.4%	10.4%	10.9%	11.2%	11.6%	10.5%	10.5%	10.9%	11.4%	11.5%	11.9%
3-Month LIBOR	4.7%	2.7%	2.8%	3.9%	1.4%	1.2%	0.6%	0.3%	0.2%	0.3%	0.5%	0.3%	0.3%	0.3%	0.2%	0.4%
Spread	7.7%	8.6%	8.5%	8.0%	9.6%	9.2%	9.8%	10.7%	11.0%	11.3%	10.0%	10.2%	10.6%	11.1%	11.3%	11.5%
<b>Total Net Assets</b>	<b>\$ 728.2</b>	<b>\$ 671.1</b>	<b>\$ 672.2</b>	<b>\$ 641.2</b>	<b>\$ 510.3</b>	<b>\$ 495.5</b>	<b>\$ 514.0</b>	<b>\$ 540.4</b>	<b>\$ 539.6</b>	<b>\$ 553.0</b>	<b>\$ 642.4</b>	<b>\$ 639.1</b>	<b>\$ 698.5</b>	<b>\$ 695.4</b>	<b>\$ 717.6</b>	<b>\$ 711.8</b>
<b>Total Net Assets and Liabilities</b>	<b>1,121.8</b>	<b>1,125.0</b>	<b>1,172.4</b>	<b>1,142.1</b>	<b>966.2</b>	<b>935.5</b>	<b>908.7</b>	<b>905.8</b>	<b>879.5</b>	<b>838.5</b>	<b>812.4</b>	<b>917.5</b>	<b>915.6</b>	<b>1,009.4</b>	<b>1,032.5</b>	<b>1,060.5</b>
<b>Borrowings<sup>(9)</sup></b>	<b>381.3</b>	<b>444.9</b>	<b>484.0</b>	<b>491.0</b>	<b>426.0</b>	<b>421.5</b>	<b>376.0</b>	<b>347.5</b>	<b>296.0</b>	<b>253.5</b>	<b>145.0</b>	<b>205.5</b>	<b>170.0</b>	<b>275.0</b>	<b>275.0</b>	<b>317.5</b>
Investment Income	\$ 35.4	\$ 35.7	\$ 34.9	\$ 37.4	\$ 35.2	\$ 31.8	\$ 33.4	\$ 29.4	\$ 30.3	\$ 27.8	\$ 28.2	\$ 24.8	\$ 25.0	\$ 25.2	\$ 37.1	\$ 33.3
Interest Expense	5.8	5.2	4.3	4.3	4.8	1.8	1.7	1.5	1.4	1.1	1.7	1.7	1.7	3.6	4.1	4.2
Other Expenses	1.8	1.7	1.7	1.7	1.1	1.5	1.6	1.5	2.5	1.6	1.9	2.2	1.9	2.2	2.4	3.0
Management Fee	5.6	5.6	5.6	5.8	5.7	4.7	4.6	4.6	4.6	4.3	4.2	4.1	4.4	4.5	4.9	5.1
Incentive Fee	-	-	-	-	-	-	-	-	16.8	0.5	-	-	14.6	-	-	-
<b>Net Investment Income</b>	<b>\$ 22.1</b>	<b>\$ 23.2</b>	<b>\$ 23.3</b>	<b>\$ 25.6</b>	<b>\$ 23.5</b>	<b>\$ 23.8</b>	<b>\$ 25.5</b>	<b>\$ 21.8</b>	<b>\$ 5.0</b>	<b>\$ 20.3</b>	<b>\$ 20.4</b>	<b>\$ 16.8</b>	<b>\$ 2.4</b>	<b>\$ 14.9</b>	<b>\$ 25.7</b>	<b>\$ 21.0</b>
Net Investment Income per share	\$ 0.43	\$ 0.44	\$ 0.44	\$ 0.47	\$ 0.42	\$ 0.43	\$ 0.46	\$ 0.39	\$ 0.09	\$ 0.36	\$ 0.36	\$ 0.26	\$ 0.03	\$ 0.20	\$ 0.35	\$ 0.29
Net Investment Income per share as adjusted <sup>(7)</sup>						\$ 0.35	\$ 0.37	\$ 0.31	\$ 0.33	\$ 0.30	\$ 0.28	\$ 0.20	\$ 0.19	\$ 0.20	\$ 0.29	\$ 0.25
Net Investment Income per share before incentive fees	\$ 0.43	\$ 0.44	\$ 0.44	\$ 0.47	\$ 0.42	\$ 0.43	\$ 0.46	\$ 0.39	\$ 0.39	\$ 0.37	\$ 0.36	\$ 0.26	\$ 0.24	\$ 0.20	\$ 0.35	\$ 0.29
Earnings per share	\$ (0.31)	\$ (0.75)	\$ 0.22	\$ (0.34)	\$ (1.88)	\$ (0.07)	\$ 0.43	\$ 0.55	\$ 0.29	\$ 0.54	\$ 0.39	\$ 0.25	\$ 0.03	\$ 0.25	\$ 0.53	\$ 0.18
Dividends per share	\$ 0.43	\$ 0.43	\$ 0.43	\$ 0.43	\$ 0.43	\$ 0.16	\$ 0.16	\$ 0.16	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.26	\$ 0.26
Net Asset Value per share	\$ 13.78	\$ 12.60	\$ 12.31	\$ 11.52	\$ 9.23	\$ 9.04	\$ 9.24	\$ 9.59	\$ 9.55	\$ 9.77	\$ 9.83	\$ 9.76	\$ 9.62	\$ 9.56	\$ 9.83	\$ 9.75

Please see Notes to the Investor Presentation on page 21





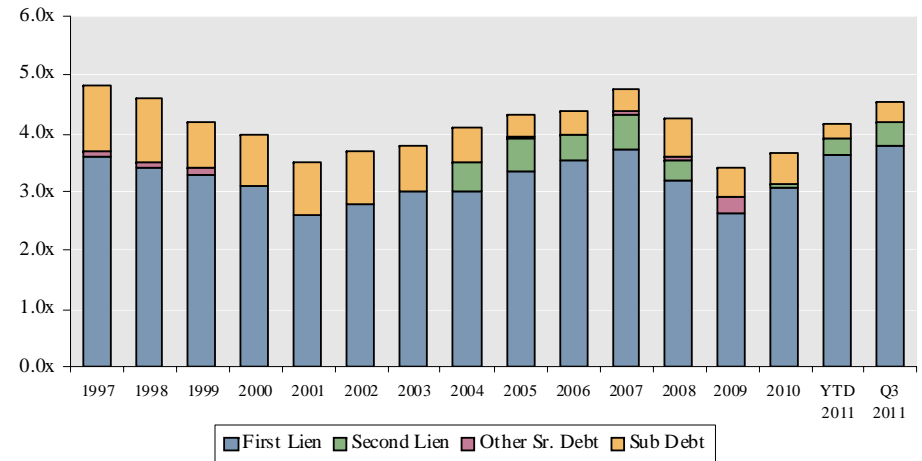
### **III. Current Market Environment**

# Leveraged Loan Investing Continues to Strengthen...

**Average debt multiples for middle-market loans in the year-to-date 9/30/11 (“YTD 2011”) remained lower than previous highs during the pre-1999 and 2005-2007 time periods, but have rebounded significantly from 2009**

- Total leverage for new transactions was 4.2x in YTD 2011, a significant increase from the 3.4x average in 2009 but below the 4.8x average in 2007
- Senior lending leverage (first lien, second lien, and other senior debt) was 3.9x in YTD 2011, versus 4.4x in 2007 and an average of 3.4x from 2001 – 2009
  - Senior leverage consisted of 93.8% of total debt in YTD 2011, a significant increase from the 2000 – 2009 average of 83.8%

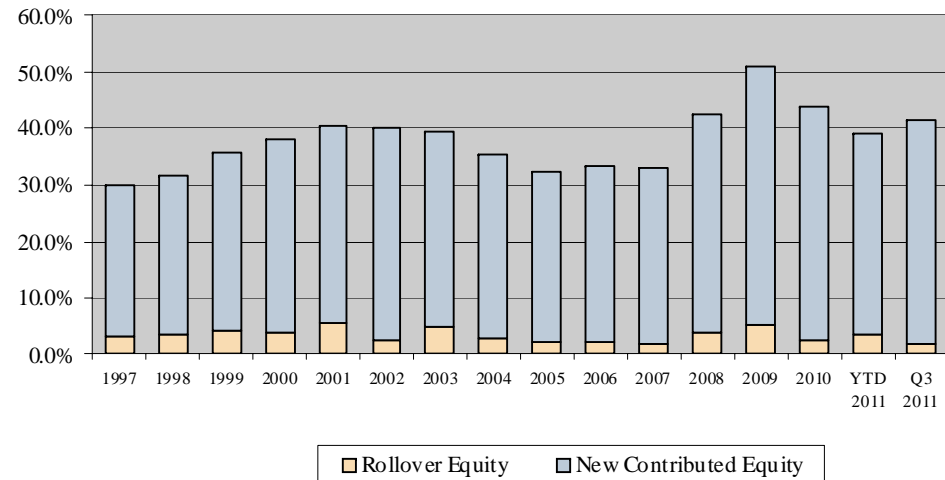
Average Debt Multiples of Middle-Market Loans



**Equity contribution levels to leveraged buyouts were slightly above historical averages in YTD 2011**

- Total contributed equity to new LBO transactions in YTD 2011 represented 39.2% of capital versus an average of 38.5% over the past decade
  - Total contributed equity to LBO transaction peaked in 2009 at 50.8% of capital
- Equity contribution levels in YTD 2011 were approximately 6.0% higher than those required during the 2005-2007 period

Average Equity Contribution to Leveraged Buyouts



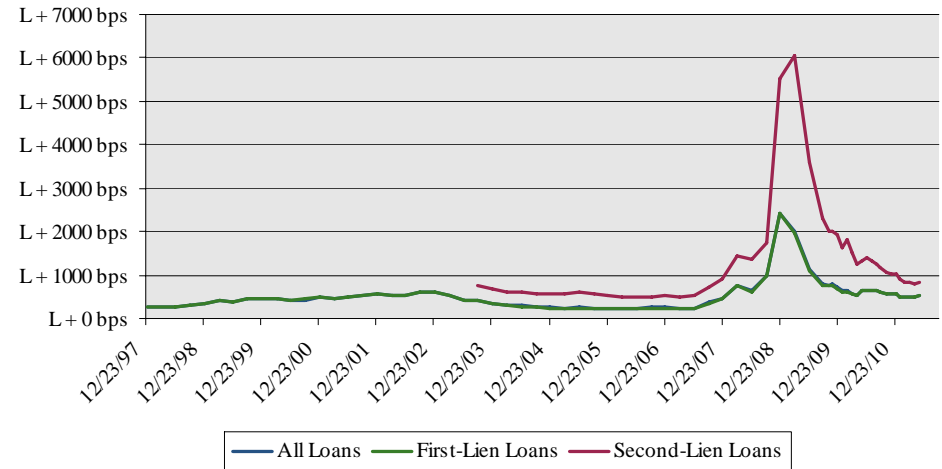
Source: Standard & Poor's LCD Leveraged Lending Review 3Q 2011

# Pricing on Leveraged Loans has Narrowed...

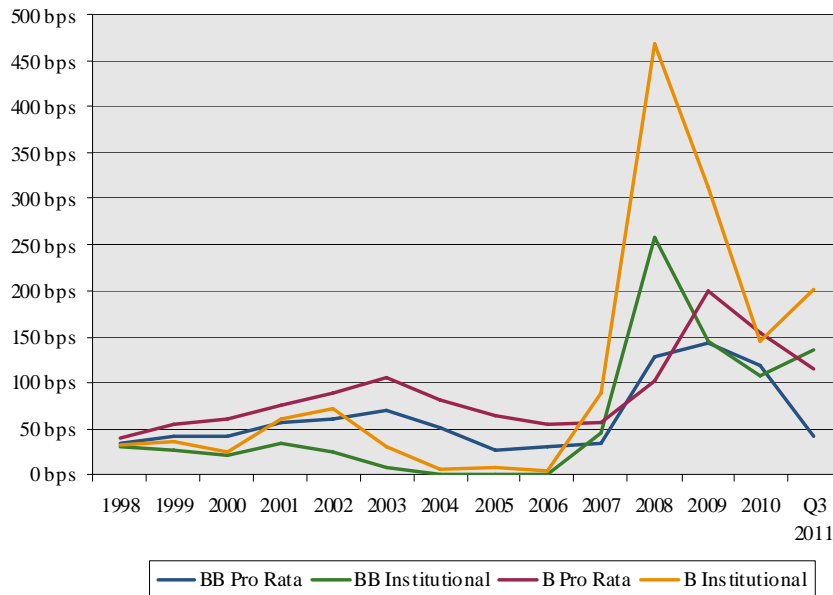
## Pricing on leveraged loans across the capital structure has narrowed significantly since March 2009

- Leveraged loan spreads, average upfront fees, and commitment fees are all greater than the 2005 – 2007 average

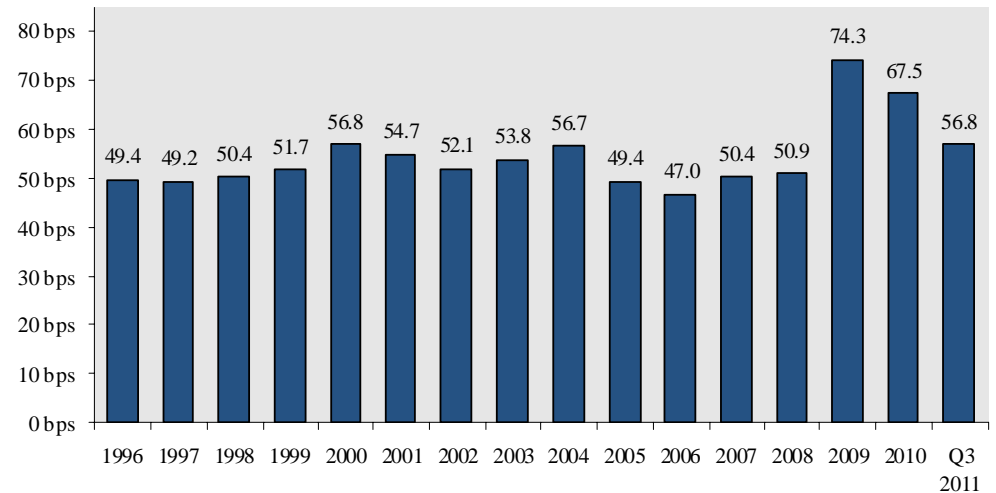
Average Discounted Spread of Leveraged Loans



Average Upfront Fees on New Issue Leveraged Loans by Rating<sup>(12)</sup>



Average Initial Financing Commitment Fee



Source: Standard & Poor's LCD Leveraged Lending Review 3Q 2011

Please see Notes to the Investor Presentation on page 21

# However, the Middle Market Offers More Attractive Opportunities For Investors

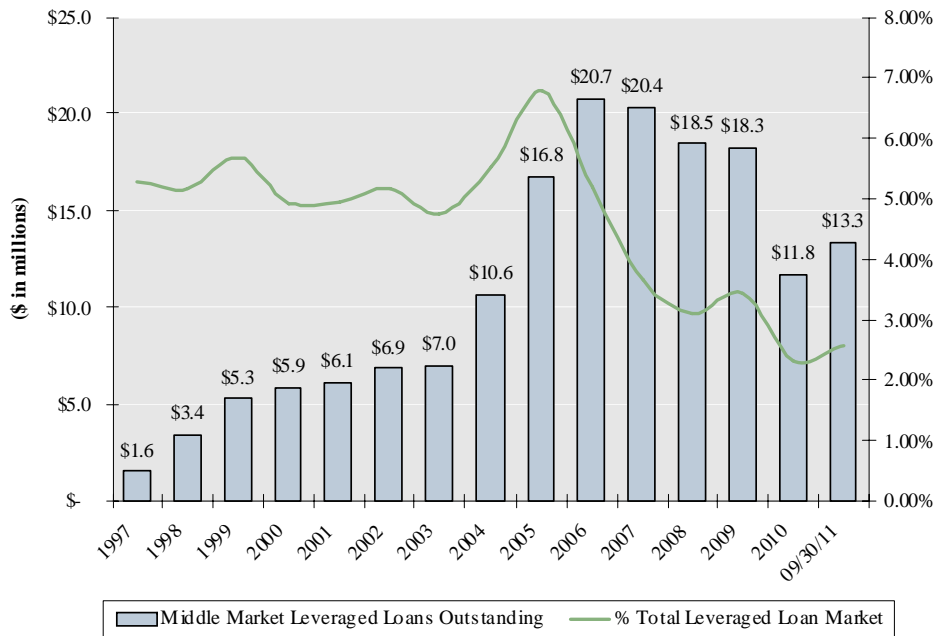
## General Characteristics

- ✓ 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)

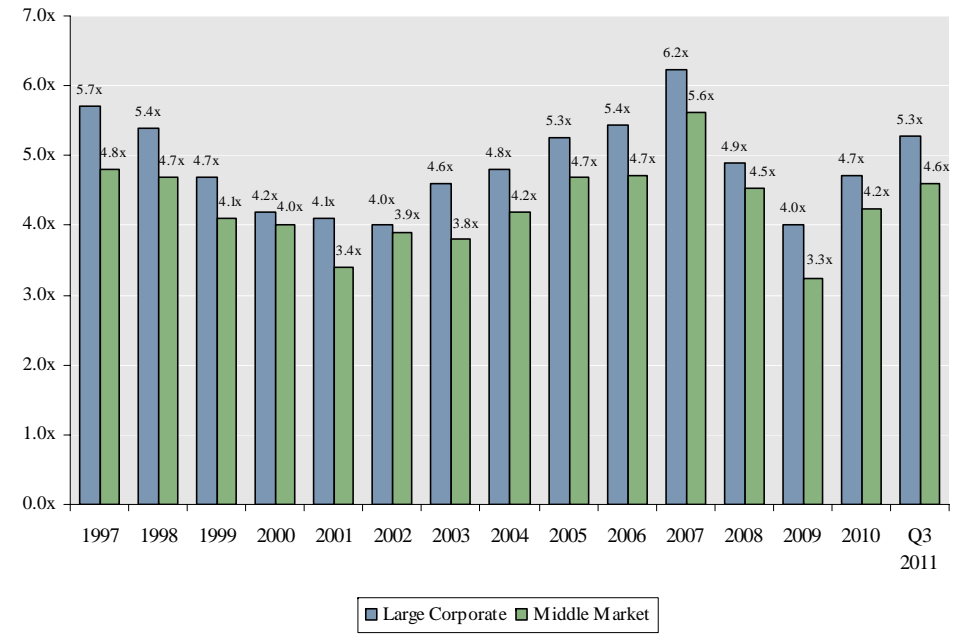
## Benefits

- ✓ 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 Overview



### Average Debt Multiples of LBO Loans



Source: Standard & Poor's LCD High End Middle Market Lending Review 3Q 2011



**IV. Notes to the Investor Presentation**

# Notes to the Investor Presentation

*(1) As of September 30, 2011*

*(2) Dividend amount includes Q4 2011 dividend of \$0.26 declared on November 3, 2011 to be paid on January 4, 2012*

*(3) Income statement data per share utilizes basic and diluted weighted average shares outstanding during the relevant period*

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

*(5) Calculations for periods prior to Q1 2011 are net of unearned income, as represented in public filings*

*(6) Total investment portfolio excludes cash and cash equivalents and is gross of unearned income for periods prior to Q1 2011*

*(7) BKCC's "as adjusted" results are non-GAAP financial measures that reflect incentive management fees based on the formula BKCC utilizes for calculating the actual full year incentive fee, with the formula applied to quarterly results. The fourth quarter's adjusted amount was calculated by taking the actual full year net investment income and subtracting the first three quarters of adjusted net investment income, and has been provided in order to show net investment income as if the quarterly incentive fees had been paid during the preceding three quarters. Please refer to BKCC's Quarterly Report on form 10-Q for the quarter ended September 30, 2011 for additional information on these non-GAAP financial measures*

*(8) Book debt adjusted for cash and cash equivalents*

*(9) Borrowings consists of debt, as listed in public filings*

*(10) Represents date of original investment or date of subsequent amendment if amendment resulted in a re-pricing of the original investment terms*

*(11) Yield on invested capital for all debt or income-producing securities on a cost basis*

*(12) Original issue discounts are included in upfront fees, beginning in 2011*

*(13) Asset coverage ratio was 323% as of September 30, 2011*

*(14) Schedules may not foot due to rounding*