KOHLBERG CAPITAL CORPORATION

May 2011

Safe Harbor Statement –
Private Securities Litigation Reform Act of 1995

Forward Looking Information

This presentation includes forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. The matters discussed in this presentation, as well as in future oral and written statements by management of Kohlberg Capital Corporation, that are forward-looking statements are based on current management expectations that involve substantial risks and uncertainties which could cause actual results to differ materially from the results expressed in, or implied by, these forward-looking statements. Forward-looking statements relate to future events or our future financial performance. We generally identify forward-looking statements by terminology such as ‘‘may,’’ ‘‘will,’’ ‘‘should,’’ ‘‘expects,’’ ‘‘plans,’’ ‘‘anticipates,’’ ‘‘could,’’ ‘‘intends,’’ ‘‘target,’’ ‘‘projects,’’ ‘‘contemplates,’’ ‘‘believes,’’ ‘‘estimates,’’ ‘‘predicts,’’ ‘‘potential’’ or ‘‘continue’’ or the negative of these terms or other similar words. Important assumptions include our ability to acquire or originate new investments, achieve certain margins and levels of profitability, the availability of additional capital, and the ability to maintain certain debt to asset ratios. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this prospectus should not be regarded as a representation by us that our plans or objectives will be achieved.

There are a number of important risks and uncertainties that could cause our actual results to differ materially from those indicated by such forward-looking statements. You should not place undue reliance on these forward-looking statements. The forward-looking statements relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statement to reflect events or circumstances occurring after the date of this presentation.

KOHLBERG
CAPITAL CORPORATION

Investment Highlights

Innovative Strategy and Platform

- Internally managed structure
- 100% ownership of Katonah Debt Advisors asset management business
- Affiliation with Kohlberg & Co.

Highly Experienced Management Team

- Seasoned management team with average industry tenure of 25+ years
- Kohlberg & Co. participation on the Board and Investment Committee

Dynamic Business Model

- Compelling middle market opportunities; multi-channel origination capabilities
- Enhanced portfolio yield through high returns on investments in CLO funds
- Disciplined investment process with seasoned credit professionals

Strong Portfolio

- First lien / second lien / mezz and equity - average unlevered yield of 9%
- CLO Fund investments – current unlevered yield of +20% on fair value
- KDA asset manager: synergies + stable cash flow and dividend

Low Leverage

- $60 million in borrowings as of March 31, 2011
- Debt is unsecured, convertible notes at 8.75% with a 2016 maturity
- Asset coverage is 428%, well above the minimum 200% (1:1) required for a BDC

Alignment of Interests

- No external management fees
- 15% insider ownership including Kohlberg & Co. principals

Data as of, or for the three months ended, 3/31/11 unless otherwise noted

KOHLBERG CAPITAL CORPORATION

OVERVIEW – BUSINESS MODEL

Internally managed BDC with a diversified portfolio of corporate credit investments and an attractive asset management business in Katonah Debt Advisors

Kohlberg Capital Corporation
NASDAQ: "KCAP"

Principal Investing

<u>Corporate Loan Investments</u>

- $88 million in debt securities
- Average unlevered yield ≈ 9%
- Focus on secured investments (94%)

<u>CLO Fund Investments</u>

- $56 million investments in CLO Funds
- Average yield of 24% on fair value

Managed Funds

<u>Katonah Debt Advisors</u>

- Asset management business
- $2 billion in AUM
- $42 million fair value
- Current annual cash flow run rate: ≈ $2-3M
- Distributions contribute to KCAP's net investment income

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KOHLBERG CAPITAL CORPORATION

RECENT DEVELOPMENTS

Successfully De-Levered the Balance Sheet
and Navigated the Recent Credit Crisis

- In January 2011, KCAP successfully de-levered its balance sheet, repaying $218 million in secured borrowings from January 1, 2010 to January 31, 2011
- Credit Facility repaid with proceeds from repayments and assets sales
  - Net realized losses of $18 million, represented 4.0% of total assets at beginning of 2010
- Strong portfolio performance in 2010 with $102 million of repayments received at or above par
- In March 2011, KCAP issued $60 million of five-year, unsecured convertible notes at 8.75%
- KCAP is poised to deploy capital at attractive returns available in the current market through investing the new debt proceeds and ongoing existing portfolio repayments

Data as of, or for the three months ended, 3/31/11 unless otherwise noted

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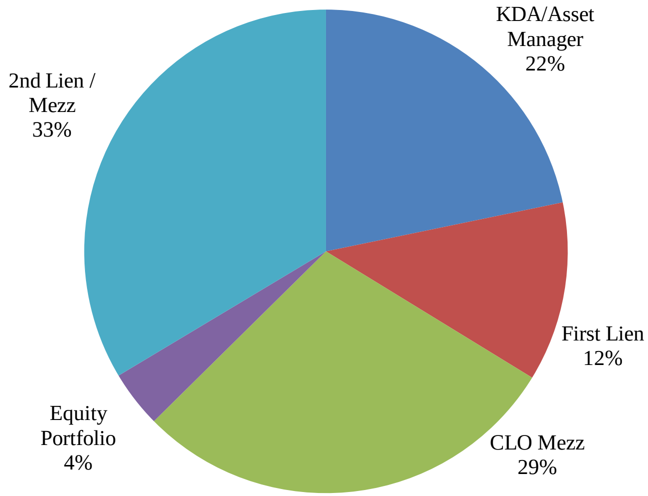
INVESTMENT PORTFOLIO

A balanced investment risk / return profile

1Q11



Investment	Yield
First lien [1]	5.9%
Second lien / Mezz [1]	11.2%
CLO Mezz [1]	17.0%
KDA /Asset Manager[2]	4.0%
Equity Portfolio	--
Approx. Weighted Average Yield	**10.5%**

[1] Yield based on par
[2] KDA/Asset Manager estimated yield on cost; excludes incentive fees

Portfolio Statistics

Total Portfolio:

Fair value	$194 million
Book value	$250 million

Portfolio (excluding KDA & CLO Securities):

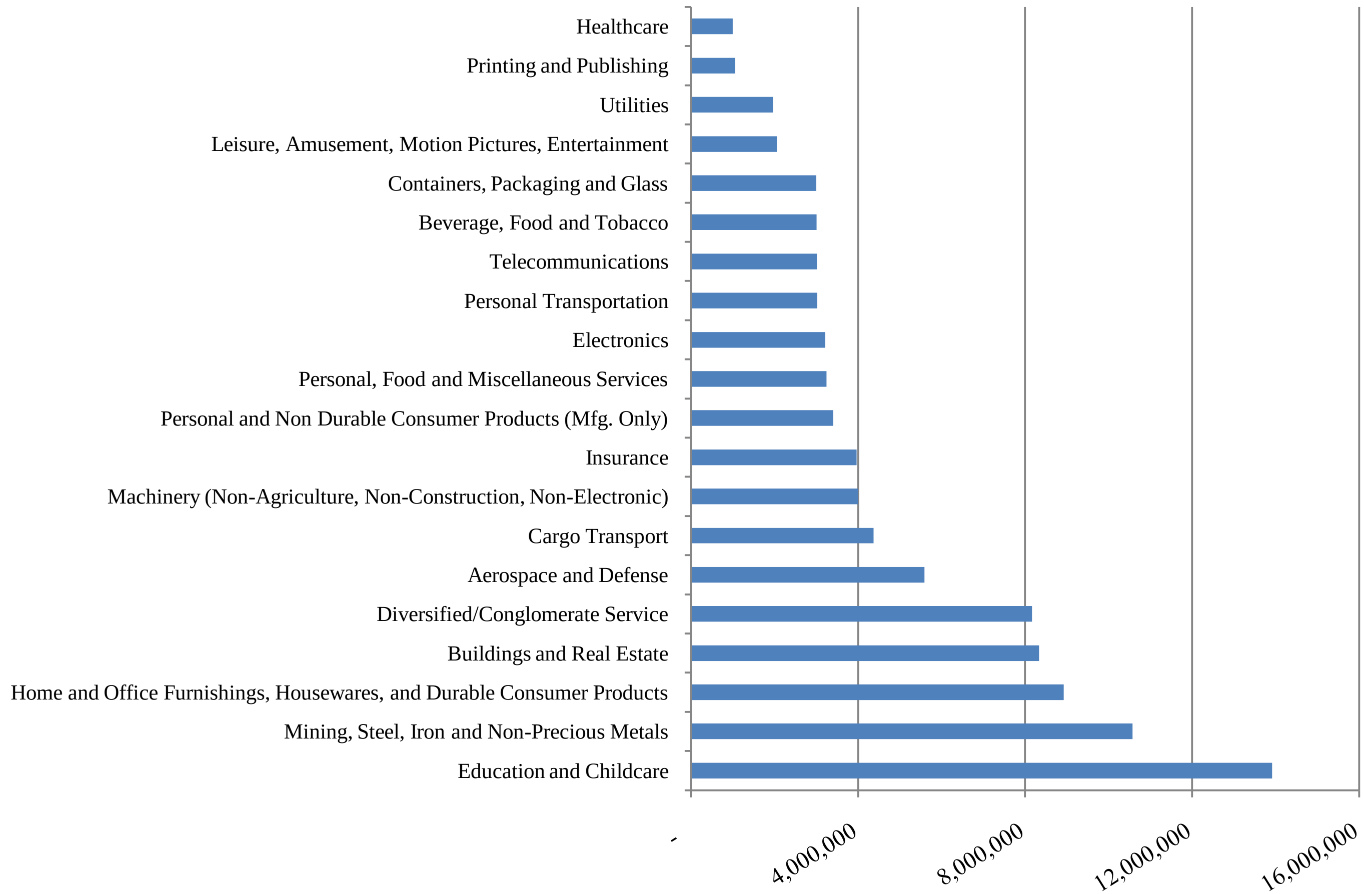
Fair value	$96 million
Book value	$138 million
Number of issuers	32
Average deal/issuer size	$3 million
In default	<1%
Fixed rate	7.9%
Floating rate	84.4%
Equity (neither fixed/floating)	7.7%

Note: Percentages to total fair value excluding KDA & CLO Securities

INVESTMENT PORTFOLIO

A diversified risk profile

Industries



Strong Credit Quality

Experienced management team has led to strong credit performance in a challenging environment

- Only four portfolio companies on non-accrual status as of March 31, 2011
- Hard Watch List represents less than 1% of total assets (four issuers)
  - Three of the four watch list assets are senior secured loans
- Despite mark-to-market unrealized losses, portfolio assets continue to amortize or pay-off at par
- 94% of corporate loan portfolio is secured
- Weighted average yield of 8.7% on loan portfolio consists of less than 11% PIK interest

Data as of, or for the three months ended, 3/31/11 unless otherwise noted

CURRENT MARKET

Attractive Market Opportunities

- Middle Market activity has been slow to rebound
- Large Syndicated Loan volume in 2010 equaled is ten year average
- Middle Market Loan volume in 2010 was 50% of its ten year average
- Middle Market Loan volume on Q 1 2011 was 40% of 2010's volume
- KCAP is back in the market as volume is beginning to pick up
- Deal flow is solid today

Source: S&P/LCD

CLO FUND PORTFOLIO

Understanding risks and return

CLO Fund Structure

Remaining financing term	8 years
Current portfolio yield	L + 311 bps
W/A cost of debt capital	L + 65 bps
Net interest spread	246 bps
Fees and expenses	55 bps
Net spread to equity	191bps

Current Actual CLO Portfolio Performance:

-on current carrying value	24.3%

Data as of most recent trustee report for 1Q11 quarter-end

CLO Fund Statistics

Fair value	$56 million
Par	$86 million
Cost	$68 million
Diversity:	
Number of CLOs	9
Average number of issuers	169
Average number of industries	30
Average position size	$1.7 million

Data as of, or for the three months ended, 3/31/11 unless otherwise noted

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LEVERAGE

Low Leverage and Room for Growth Relative to Peers

- Recently issued convertible notes are the Company's only borrowings
- Debt–to–equity of 0.30x based on net asset value of $197.2 million for the quarter ended March 31, 2011
- Asset coverage at 428% at March 2011; BDC structure requires minimum asset coverage of 200%
- Fixed rate, five year (2016) maturity
- Initial conversion price of $8.44 (10% premium over pricing date market close and above $8.21 reported NAV prior to issuance)

Data as of, or for the three months ended, 3/31/11 unless otherwise noted

Summary of KCAP Attributes

Dynamic business model generates sustainable dividends

- ✓ Sustainable, recurring revenues not dependent on capital gains
  - Recurring interest income from secured loan and CLO portfolios
  - Stable asset management fee income from KDA
- ✓ New investments in current market environment provide higher returns and enhance portfolio yield
- ✓ Not reliant on high leverage to generate returns
- ✓ Floating rate assets, many with minimum index rate floors, provide NAV protection and increased earnings in a rising rate environment
- ✓ Experienced credit managers with long track records
- ✓ Interest aligned with shareholders – significant insider ownership and internally managed

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Q & A

APPENDIX – OTHER FINANCIAL HIGHLIGHTS

NET ASSET VALUE

March 31, 2011		Fair Value		NAV per Share
Investments at fair value:				
Debt securities	$	88,439,163	$	3.88
CLO Fund securities		55,981,000		2.45
Equity securities		7,388,465		0.32
KDA / asset manager		42,196,000		1.85
Total Investments		194,004,628		8.50
Cash		70,747,215		3.10
Other assets		6,265,931		0.28
Total Assets	$	270,679,784	$	11.88
Borrowings	$	60,000,000	$	2.63
Other Liabilities		13,970,303		0.60
Total Liabilities	$	73,820,303	$	3.23
NET ASSET VALUE	**$**	**197,047,471**	**$**	**8.64**

INVESTMENT PORTFOLIO

March 31, 2011		Cost		Fair Value
Senior secured loan	$	31,815,722	$	23,276,764
Junior secured loan		73,991,930		60,010,630
Mezzanine		10,744,496		250,000
Senior subordinated bond		4,320,342		4,528,209
Preferred		400,000		373,560
CLO Fund securities		68,300,589		55,981,000
Equity securities		16,199,845		7,388,465
KDA / asset manager		44,393,453		42,196,000
Total Assets	**$**	**250,166,377**	**$**	**194,004,628**

Data as of, or for the three months ended, 3/31/11 unless otherwise noted

Appendix – Other Portfolio Highlights

Loans & Equity

- 50 positions
- 32 entities
- 19 industries
- 24% senior secured
- 63% junior secured
- 7.9% fixed rate at 10.4%
- Average entity position $3M
- Top ten = 27% of total investments

CLO Securities

Fund	Securities Count	Issuer Count	Industry Count	Average Issuer Position
Grant Grove	279	220	33	$1,278,016
KDA III	187	110	29	$2,824,333
KDA IV	153	96	26	$1,429,582
KDA V	213	128	28	$ 793,743
KDA VII	240	183	32	$1,729,247
KDA VIII	262	198	32	$1,794,273
KDA IX	271	203	31	$1,945,193
KDA X	270	201	31	$2,300,995
KDA 2007-I	238	185	31	$1,581,081

Katonah Debt Advisors

- ≈ 22% of total investments
- $1.9 billion assets under management (AUM)
- Earns contractual and recurring asset management fees based on *par* value of AUM
- Typically earns a one-time structuring fee upon completion of a new CLO
- May earn an incentive fee on liquidation of CLO
- Dividends paid by KDA are dividend income to KCAP
- 1Q 2011 net income: $450,000
- Current annual run rate: ≈ $1.8 million

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