BlackRock Kelso Capital Corporation
Letter to Stockholders on the
Tax Status of 2008 Distributions

The information on dividends paid by BlackRock Kelso Capital Corporation ("BlackRock Kelso" or the "Company") (CUSIP Number: 092533108) for 2008 is set forth below. For tax purposes, the Company is a regulated investment company ("RIC") and is designating the types of distributions you received as a stockholder for 2008 in accordance with Subchapter M of the Internal Revenue Code of 1986, as amended ("IRC"), in the following manner:

- ***Ordinary Income Dividends:*** These dividends are from the Company's ordinary net investment income and net short-term capital gains for the year. This type of dividend is to be reported on your tax return as ordinary income. Ordinary dividend distributions from a RIC do not qualify for the 15% tax rate on dividend income from domestic corporations and qualified foreign corporations except to the extent that the RIC received the income in the form of qualifying dividends from domestic corporations and qualified foreign corporations.

  Total ordinary income distributions are reported on your Form 1099-DIV in Box 1a.

- ***Capital Gains:*** Capital gain distributions arise from net long-term capital gains recognized by the Company during the year. These capital gain distributions generally qualify for the 15% maximum capital gains rate except as noted below. All capital gains are determined by how long the Company held the investment and the type of investment.

  Total capital gain distributions are reported on your Form 1099-DIV in Box 2a.

Distributions that were reinvested through the Company's Dividend Reinvestment Plan are treated, for tax purposes, as if they had been paid in cash. Therefore, stockholders who participated in the Dividend Reinvestment Plan should also refer to the table below for appropriate tax treatment of 2008 dividends.

DETAILS OF DISTRIBUTIONS FOR 2008

The amounts shown in the table below represent the **final** accounting of the Company's 2008 distributions. This information supersedes any estimated information you may have received during the year. These distributions were classified as follows:

Record Date	Payment Date	Total Paid Per Share	Ordinary Income Per Share Ordinary Rate (1)	Long Term Capital Gains Per Share (2) 15% Rate
3/17/2008	3/31/2008	$0.4300	$0.4237	$0.0063
6/16/2008	6/30/2008	$0.4300	$0.4300	$0.0000
9/15/2008	9/30/2008	$0.4300	$0.4300	$0.0000
12/15/2008	12/31/2008	$0.4300	$0.4300	$0.0000
Total		**$1.7200**	**$1.7137**	**$0.0063**
% of Total Dividends Paid Per Share		**100.0000%**	**99.6337%**	**0.3663%**

(1) The Company hereby notes that no portion of its dividend represents amounts eligible for treatment as qualified dividend income in accordance with IRC Section 854(b), nor is any portion of the dividend eligible for the dividends received deduction available to certain U.S. domestic corporations.

(2) The Company hereby designates these distributions as amounts eligible for treatment as capital gain dividends in accordance with IRC Sections 852(b)(3) and 854(a).

This tax status letter is not intended to constitute tax, legal, investment, or other professional advice. This is general information and should not be relied upon for tax purposes. Stockholders should be aware that tax treatment is subject to change by law in the future or retroactively. Stockholders should consult their tax advisor for tax guidance pertinent to specific facts and circumstances.

If you have questions about the tax status of your distributions, please contact PNC Global Investment Servicing Inc. at (800) 331-1710. You may also contact BlackRock Kelso Capital Corporation's Investor Relations Department directly at (212) 810-5800 or info@blackrockkelso.com.