

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

SCHEDULE 13D  
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT  
TO RULE 13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT  
TO RULE 13d-2(a)

(Amendment No. \_\_\_\_)\*

**KOHLBERG CAPITAL CORPORATION**

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(Name of Issuer)

**COMMON STOCK, PAR VALUE \$0.001 PER SHARE**

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(Title of Class of Securities)

**500233101**

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(CUSIP number)

**Jennifer M. Pulick**  
**Chief Compliance Officer**  
**Cyrus Capital Partners, L.P.**  
**399 Park Avenue, 39<sup>th</sup> Floor**  
**New York, New York 10022**  
**(212) 380-5821**

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(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

**March 19, 2010**

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(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box o.

(Continued on the following pages)

(Page 1 of 25 Pages)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 (the "Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act.

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1.	NAMES OF REPORTING PERSONS <b>Cyrus Capital Partners, L.P. ("Cyrus")</b>		
2.	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="radio"/> (b) <input checked="" type="radio"/>		
3.	SEC USE ONLY		
4.	SOURCE OF FUNDS <b>AF</b>		
5.	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) <input type="radio"/>		
6.	CITIZENSHIP OR PLACE OF ORGANIZATION <b>Delaware</b>		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7.	SOLE VOTING POWER <b>1,099,887</b>	
	8.	SHARED VOTING POWER <b>N/A</b>	
	9.	SOLE DISPOSITIVE POWER <b>1,099,887</b>	
	10.	SHARED DISPOSITIVE POWER <b>N/A</b>	
11.	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON <b>1,099,887</b>		
12.	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="radio"/>		
13.	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11 <b>5.0%*</b>		
14.	TYPE OF REPORTING PERSON <b>PN</b>		

\* All percentage calculations set forth herein assume that there are 21,836,010 shares of Common Stock outstanding, as reported in Kohlberg Capital Corporation's most recent Form 10-Q, filed with the Securities and Exchange Commission on August 10, 2009.

1.	NAMES OF REPORTING PERSONS <b>Cyrus Opportunities Master Fund II, Ltd. ("COMF")</b>		
2.	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="radio"/> (b) <input checked="" type="radio"/>		
3.	SEC USE ONLY		
4.	SOURCE OF FUNDS <b>WC</b>		
5.	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) <input type="radio"/>		
6.	CITIZENSHIP OR PLACE OF ORGANIZATION <b>Cayman Islands</b>		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7.	SOLE VOTING POWER <b>1,099,887</b>	
	8.	SHARED VOTING POWER <b>N/A</b>	
	9.	SOLE DISPOSITIVE POWER <b>1,099,887</b>	
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12.	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="radio"/>		
13.	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11 <b>5.0%*</b>		
14.	TYPE OF REPORTING PERSON <b>CO</b>		

\* All percentage calculations set forth herein assume that there are 21,836,010 shares of Common Stock outstanding, as reported in Kohlberg Capital Corporation's most recent Form 10-Q, filed with the Securities and Exchange Commission on August 10, 2009.

1.	NAMES OF REPORTING PERSONS <b>CRS Fund, Ltd. ("CRS")</b>		
2.	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="radio"/> (b) <input checked="" type="radio"/>		
3.	SEC USE ONLY		
4.	SOURCE OF FUNDS <b>WC</b>		
5.	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) <input type="radio"/>		
6.	CITIZENSHIP OR PLACE OF ORGANIZATION <b>Cayman Islands</b>		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7.	SOLE VOTING POWER <b>1,099,887</b>	
	8.	SHARED VOTING POWER <b>N/A</b>	
	9.	SOLE DISPOSITIVE POWER <b>1,099,887</b>	
	10.	SHARED DISPOSITIVE POWER <b>N/A</b>	
11.	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON <b>1,099,887</b>		
12.	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="radio"/>		
13.	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11 <b>5.0%*</b>		
14.	TYPE OF REPORTING PERSON <b>CO</b>		

\* All percentage calculations set forth herein assume that there are 21,836,010 shares of Common Stock outstanding, as reported in Kohlberg Capital Corporation's most recent Form 10-Q, filed with the Securities and Exchange Commission on August 10, 2009.

1.	NAMES OF REPORTING PERSONS <b>Crescent 1, L.P. ("Crescent")</b>		
2.	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="radio"/> (b) <input checked="" type="radio"/>		
3.	SEC USE ONLY		
4.	SOURCE OF FUNDS <b>WC</b>		
5.	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) <input type="radio"/>		
6.	CITIZENSHIP OR PLACE OF ORGANIZATION <b>Delaware</b>		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7.	SOLE VOTING POWER <b>1,099,887</b>	
	8.	SHARED VOTING POWER <b>N/A</b>	
	9.	SOLE DISPOSITIVE POWER <b>1,099,887</b>	
	10.	SHARED DISPOSITIVE POWER <b>N/A</b>	
11.	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON <b>1,099,887</b>		
12.	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="radio"/>		
13.	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11 <b>5.0%*</b>		
14.	TYPE OF REPORTING PERSON <b>PN</b>		

\* All percentage calculations set forth herein assume that there are 21,836,010 shares of Common Stock outstanding, as reported in Kohlberg Capital Corporation's most recent Form 10-Q, filed with the Securities and Exchange Commission on August 10, 2009.

1.	NAMES OF REPORTING PERSONS <b>Cyrus Capital Advisors, L.L.C. ("Cyrus Advisors")</b>		
2.	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="radio"/> (b) <input checked="" type="radio"/>		
3.	SEC USE ONLY		
4.	SOURCE OF FUNDS <b>AF</b>		
5.	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) <input type="radio"/>		
6.	CITIZENSHIP OR PLACE OF ORGANIZATION <b>Delaware</b>		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7.	SOLE VOTING POWER <b>1,099,887</b>	
	8.	SHARED VOTING POWER <b>N/A</b>	
	9.	SOLE DISPOSITIVE POWER <b>1,099,887</b>	
	10.	SHARED DISPOSITIVE POWER <b>N/A</b>	
11.	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON <b>1,099,887</b>		
12.	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="radio"/>		
13.	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11 <b>5.0%*</b>		
14.	TYPE OF REPORTING PERSON <b>OO</b>		

\* All percentage calculations set forth herein assume that there are 21,836,010 shares of Common Stock outstanding, as reported in Kohlberg Capital Corporation's most recent Form 10-Q, filed with the Securities and Exchange Commission on August 10, 2009.

1.	NAMES OF REPORTING PERSONS <b>Cyrus Select Opportunities Master Fund, Ltd. ("CSOMF")</b>		
2.	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="radio"/> (b) <input checked="" type="radio"/>		
3.	SEC USE ONLY		
4.	SOURCE OF FUNDS <b>WC</b>		
5.	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) <input type="radio"/>		
6.	CITIZENSHIP OR PLACE OF ORGANIZATION <b>Cayman Islands</b>		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7.	SOLE VOTING POWER <b>1,099,887</b>	
	8.	SHARED VOTING POWER <b>N/A</b>	
	9.	SOLE DISPOSITIVE POWER <b>1,099,887</b>	
	10.	SHARED DISPOSITIVE POWER <b>N/A</b>	
11.	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON <b>1,099,887</b>		
12.	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="radio"/>		
13.	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11 <b>5.0%*</b>		
14.	TYPE OF REPORTING PERSON <b>CO</b>		

\* All percentage calculations set forth herein assume that there are 21,836,010 shares of Common Stock outstanding, as reported in Kohlberg Capital Corporation's most recent Form 10-Q, filed with the Securities and Exchange Commission on August 10, 2009.

1.	NAMES OF REPORTING PERSONS <b>Cyrus Capital Partners GP, L.L.C. ("Cyrus GP")</b>		
2.	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="radio"/> (b) <input checked="" type="radio"/>		
3.	SEC USE ONLY		
4.	SOURCE OF FUNDS <b>AF</b>		
5.	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) <input type="radio"/>		
6.	CITIZENSHIP OR PLACE OF ORGANIZATION <b>Delaware</b>		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7.	SOLE VOTING POWER <b>1,099,887</b>	
	8.	SHARED VOTING POWER <b>N/A</b>	
	9.	SOLE DISPOSITIVE POWER <b>1,099,887</b>	
	10.	SHARED DISPOSITIVE POWER <b>N/A</b>	
11.	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON <b>1,099,887</b>		
12.	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="radio"/>		
13.	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11 <b>5.0%*</b>		
14.	TYPE OF REPORTING PERSON <b>OO</b>		

\* All percentage calculations set forth herein assume that there are 21,836,010 shares of Common Stock outstanding, as reported in Kohlberg Capital Corporation's most recent Form 10-Q, filed with the Securities and Exchange Commission on August 10, 2009.



1.	NAMES OF REPORTING PERSONS <b>Stephen C. Freidheim</b>		
2.	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="radio"/> (b) <input checked="" type="radio"/>		
3.	SEC USE ONLY		
4.	SOURCE OF FUNDS <b>AF</b>		
5.	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) <input type="radio"/>		
6.	CITIZENSHIP OR PLACE OF ORGANIZATION <b>United States</b>		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7.	SOLE VOTING POWER <b>1,099,887</b>	
	8.	SHARED VOTING POWER <b>N/A</b>	
	9.	SOLE DISPOSITIVE POWER <b>1,099,887</b>	
	10.	SHARED DISPOSITIVE POWER <b>N/A</b>	
11.	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON <b>1,099,887 (1)</b>		
12.	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="radio"/>		
13.	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11 <b>5.0%*</b>		
14.	TYPE OF REPORTING PERSON <b>IN</b>		

\* All percentage calculations set forth herein assume that there are 21,836,010 shares of Common Stock outstanding, as reported in Kohlberg Capital Corporation's most recent Form 10-Q, filed with the Securities and Exchange Commission on August 10, 2009.

(1) See Item 2(a).

**ITEM 1. Security and Issuer.**

This Schedule 13D relates to the common stock, par value \$0.001 per share (the "Common Stock"), of Kohlberg Capital Corporation, a corporation organized under the laws of the state of Delaware (the "Issuer"), with its principal executive offices located at 295 Madison Avenue, 6<sup>th</sup> Floor, New York, NY 10017. Information given in response to each item shall be deemed incorporated by reference in all other items, as applicable.

**ITEM 2. Identity and Background.**

(a) This Schedule 13D is being filed by Cyrus Capital Partners, L.P., a Delaware limited partnership ("Cyrus"), Cyrus Opportunities Master Fund II, Ltd., a Cayman Islands company ("COMF"), CRS Fund, Ltd., a Cayman Islands company ("CRS"), Crescent 1, L.P., a Delaware limited partnership ("Crescent"), Cyrus Capital Advisors, L.L.C., a Delaware limited liability company ("Cyrus Advisors"), Cyrus Select Opportunities Master Fund, Ltd., a Cayman Islands company ("CSOMF"), Cyrus Capital Partners GP, L.L.C., a Delaware limited liability company ("Cyrus GP"), and Mr. Stephen C. Freidheim (each of Cyrus, COMF, CRS, Crescent, Cyrus Advisors, CSOMF, Cyrus GP and Mr. Freidheim, collectively, the "Reporting Persons").

Each of COMF, CRS, Crescent and CSOMF (collectively, the "Investors") are private investment funds engaged in the business of acquiring, holding and disposing of investments in various companies. Cyrus is the investment manager of each of the Investors. Cyrus GP is the general partner of Cyrus. Cyrus Advisors is the general partner of Crescent. Mr. Freidheim is the managing member of each of Cyrus GP and Cyrus Advisors, and the Chief Investment Officer of Cyrus.

Except for Mr. Freidheim, each Reporting Person disclaims beneficial ownership of all shares of Common Stock, other than those reported herein as being owned by such Reporting Person.

Mr. Freidheim disclaims beneficial ownership of the securities of the Issuer held by the Investors, except to the extent of his pecuniary interest in the Investors, if any.

(b) The business address of each of the foregoing Reporting Persons is 399 Park Avenue, 39<sup>th</sup> Floor, New York, New York 10022.

(c) Set forth in Exhibit 1 attached hereto are the respective names, business addresses, present principal occupations and citizenships of the executive officers, directors and control persons, as applicable, of each of the Reporting Persons.

(d) During the last five years, none of the Reporting Persons has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the last five years, none of the Reporting Persons was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Mr. Freidheim is a citizen of the United States.

**ITEM 3. Source and Amount of Funds or Other Consideration.**

The aggregate purchase price of the 1,099,887 shares of Common Stock beneficially owned by the Reporting Persons was \$4,861,731.97, inclusive of brokerage commissions.

The aggregate purchase price of the 538,945 shares of Common Stock beneficially owned by COMF was \$2,382,877.29, inclusive of brokerage commissions.

The aggregate purchase price of the 230,976 shares of Common Stock beneficially owned by CRS was \$1,020,336.07, inclusive of brokerage commissions.

The aggregate purchase price of the 219,977 shares of Common Stock beneficially owned by Crescent was \$972,345.41, inclusive of brokerage commissions.

The aggregate purchase price of the 109,989 shares of Common Stock beneficially owned by CSOMF was \$486,173.20, inclusive of brokerage commissions.

Limited partners of the shareholders of each of COMF, CRS and CSOMF provided all of the funds used to purchase their respective shares of Common Stock of the Issuer. The limited partners of Crescent provided all of the funds used to purchase its shares of Common Stock of the Issuer.

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**ITEM 4. Purpose of Transaction.**

The Reporting Persons purchased the shares of Common Stock reported herein based on the Reporting Persons' belief that the shares of Common Stock of the Issuer at current market prices are undervalued and represent an attractive investment opportunity. Depending upon overall market and general economic conditions, other investment opportunities available to the Reporting Persons, the market prices of the shares of Common Stock of the Issuer (the "Securities"), the business affairs and financial condition of the Issuer and other factors deemed relevant to the Reporting Persons, the Reporting Persons may endeavor to increase or decrease their position in the Issuer through, among other things, the purchase or sale of Securities in the open market or in private transactions, including the purchase of Securities through a tender offer or otherwise, on such terms and at such times as the Reporting Persons may deem advisable.

On March 26, 2010, Cyrus sent a letter to the board of directors of the Issuer (the "March 26<sup>th</sup> Letter"). A copy of the March 26<sup>th</sup> Letter is attached hereto as Exhibit 2 and is incorporated herein by reference. It is anticipated that the Reporting Persons may, from time to time, have discussions with management, the board of directors, and other stockholders of the Issuer. The Reporting Persons intend to monitor and evaluate the Issuer's business, corporate governance and financial performance, to monitor efforts by management to increase stockholder value and to be available to management to the extent that the Issuer may benefit from the institutional experience of the Reporting Persons. The Reporting Persons also may seek in the future to have one or more representatives appointed or elected to the board of directors of the Issuer or to propose other matters for consideration and approval by the Issuer's stockholders or board of directors. The Reporting Persons also may decide in the future to propose a transaction whereby all or a portion of the Issuer be sold, and in connection therewith the Reporting Persons may seek to participate in such transaction or seek to acquire control of the Issuer in a negotiated transaction or otherwise. If it or its affiliates should acquire control of the Issuer, it or its affiliates may transfer all or part of the Issuer to affiliated or unaffiliated persons.

Except as otherwise set forth herein, the Reporting Persons do not have any present plans or proposals which would relate to or result in the matters set forth in subparagraphs (a) – (j) of Item 4 of Schedule 13D.

**ITEM 5. Interest in Securities of the Issuer.**

- (a) The Reporting Persons beneficially own 1,099,887 shares of Common Stock, which represent approximately 5.0% of the issued and outstanding shares of Common Stock.
- (b) The Reporting Persons have the power to vote, or direct the vote, and dispose of, or direct the disposition of, 1,099,887 shares of Common Stock, which represent approximately 5.0% of the outstanding shares of Common Stock.
- (c) During the past 60 days, the Reporting Person have purchased 1,099,887 shares Common Stock of the Issuer.

COMF, CRS, Crescent and CSOMF acquired their respective shares of Common Stock of the Issuer on the dates and at the prices set forth on Exhibit 3.

All of the shares referenced above were acquired by the Investors in the open market.

- (d) No other person is known by any Reporting Person to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the Common Stock beneficially owned by any Reporting Person.

- (e) Not applicable.

**ITEM 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.**

Not applicable.

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**ITEM 7. Materials to be Filed as Exhibits.**

- Exhibit 1: Officers and Directors of Cyrus, COMF, Crescent, Cyrus Advisors, CRS, CSOMF and Cyrus GP.
- Exhibit 2 Letter dated March 26, 2010, from Cyrus to the board of directors of the Issuer.
- Exhibit 3 Item 5(c) Disclosures
- Exhibit 4 Joint Filing Agreement as required by Rule 13d-1(k)(1) under the Securities Exchange Act of 1934, as amended.
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**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, each of the undersigned hereby certifies that the information set forth in this statement is true, complete and correct.

EXECUTED as a sealed instrument this 26<sup>th</sup> day of March, 2010.

CYRUS CAPITAL PARTNERS, L.P.  
By: Cyrus Capital Partners GP, L.L.C., its general partner

By: /s/ Stephen C. Freidheim  
Name: Stephen C. Freidheim  
Title: Managing Member

CYRUS CAPITAL PARTNERS GP, L.L.C.

By: /s/ Stephen C. Freidheim  
Name: Stephen C. Freidheim  
Title: Managing Member

/s/ Stephen C. Freidheim  
Stephen C. Freidheim, an individual

CRESCENT 1, L.P.  
By: Cyrus Capital Advisors, L.L.C., its general partner

By: /s/ Stephen C. Freidheim  
Name: Stephen C. Freidheim  
Title: Managing Member

CYRUS CAPITAL ADVISORS, L.L.C.

By: /s/ Stephen C. Freidheim  
Name: Stephen C. Freidheim  
Title: Managing Member

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CYRUS OPPORTUNITIES MASTER FUND II, LTD.

By: /s/ Stephen C. Freidheim  
Name: Stephen C. Freidheim  
Title: Authorized signatory

CRS FUND, LTD.

By: /s/ Stephen C. Freidheim  
Name: Stephen C. Freidheim  
Title: Authorized signatory

CYRUS SPECIAL OPPORTUNITIES MASTER FUND, LTD.

By: /s/ Stephen C. Freidheim  
Name: Stephen C. Freidheim  
Title: Authorized signatory

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## EXHIBIT INDEX

- Exhibit 1: Officers and Directors of Cyrus, COMF, Crescent, Cyrus Advisors, CRS, CSOMF and Cyrus GP.
- Exhibit 2 Letter dated March 26, 2010, from Cyrus to the board of directors of the Issuer.
- Exhibit 3 Item 5(c) Disclosures
- Exhibit 4 Joint Filing Agreement as required by Rule 13d-1(k)(1) under the Securities Exchange Act of 1934, as amended.
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**Officers and Directors of the Reporting Persons**

Each of the Investors have entered into investment management agreements with Cyrus, giving Cyrus full voting and dispositive power over the shares of the Issuer's Common Stock held by the Investors. Cyrus GP is the general partner of Cyrus, and Mr. Freidheim is the Managing Member of each of Cyrus GP and Cyrus Advisors. Cyrus Advisors is the general partner of Crescent.

Name and Business Address	Principal Occupation and Name, Principal Business and Address of the Employing Organizations	Citizenship
Stephen C. Freidheim 399 Park Avenue, 39 <sup>th</sup> Floor, New York, NY 10022	<p><b>Cyrus</b></p> <p>Chief Investment Officer of Cyrus, which is a Registered Investment Advisor. Cyrus's principal office is located at 399 Park Avenue, 39<sup>th</sup> Floor, New York, NY 10022.</p> <p><b>Cyrus GP</b></p> <p>Managing Member of Cyrus GP, which is the general partner of Cyrus. Cyrus GP's principal office is located at 399 Park Avenue, 39<sup>th</sup> Floor, New York, NY 10022.</p> <p><b>Cyrus Advisors</b></p> <p>Managing Member of Cyrus Advisors, which is the general partner of Crescent. Cyrus Advisor's principal office is located at 399 Park Avenue, 39<sup>th</sup> Floor, New York, NY 10022.</p>	United States
James H. Tucker 399 Park Avenue, 39 <sup>th</sup> Floor, New York, NY 10022	<p><b>Cyrus</b></p> <p>General Counsel and Managing Director of Cyrus, which is a Registered Investment Advisor. Cyrus's principal office is located at 399 Park Avenue, 39<sup>th</sup> Floor, New York, NY 10022.</p>	United States
Jennifer M. Pulick 399 Park Avenue, 39 <sup>th</sup> Floor, New York, NY 10022	<p><b>Cyrus</b></p> <p>Chief Compliance Officer and Associate General Counsel of Cyrus, which is a Registered Investment Advisor. Cyrus's principal office is located at 399 Park Avenue, 39<sup>th</sup> Floor, New York, NY 10022.</p>	United States
Eric Green 399 Park Avenue, 39 <sup>th</sup> Floor, New York, NY 10022	<p><b>Cyrus</b></p> <p>Managing Director of Cyrus, which is a Registered Investment Advisor. Cyrus's principal office is located at 399 Park Avenue, 39<sup>th</sup> Floor, New York, NY 10022.</p>	United States
Brennan Joseph McCaw 399 Park Avenue, 39 <sup>th</sup> Floor, New York, NY 10022	<p><b>Cyrus</b></p> <p>Chief Financial Officer of Cyrus Capital Partners, L.P., which is a Registered Investment Advisor. Cyrus's principal office is located at 399 Park Avenue, 39<sup>th</sup> Floor, New York, NY 10022.</p>	Canada



Name and Business Address	Principal Occupation and Name, Principal Business and Address of the Employing Organizations	Citizenship
David A. Milich 399 Park Avenue, 39th Floor, New York, NY 10022	<p><b>Cyrus</b></p> <p>Chief Operating Officer of Cyrus, which is a Registered Investment Advisor. Cyrus's principal office is located at 399 Park Avenue, 39th Floor, New York, NY 10022.</p>	United States
Martin Lang 4th Floor Harbour Centre, Grand Cayman, Cayman Islands	<p><b>COMF</b></p> <p>Director of COMF. COMF's principal office is located at 399 Park Avenue, 39th Floor, New York, NY 10022.</p> <p><b>CRS</b></p> <p>Director of CRS. CRS' principal office is located at 399 Park Avenue, 39th Floor, New York, NY 10022.</p> <p><b>CSOMF</b></p> <p>Director of CSOMF. CSOMF's principal office is located at 399 Park Avenue, 39th Floor, New York, NY 10022.</p> <p>Mr. Lang is also the Senior Company Manager of International Management Services Ltd, which is engaged in provision of company management. International Management Services Ltd's principal office is located at 4th Floor Harbour Centre, Grand Cayman, Cayman Islands.</p>	British
Christopher Bowring 4th Floor Harbour Centre, Grand Cayman, Cayman Islands	<p><b>COMF</b></p> <p>Director of COMF. COMF's principal office is located at 399 Park Avenue, 39th Floor, New York, NY 10022.</p> <p><b>CRS</b></p> <p>Director of CRS. CRS' principal office is located at 399 Park Avenue, 39th Floor, New York, NY 10022.</p> <p><b>CSOMF</b></p> <p>Director of CSOMF. CSOMF's principal office is located at 399 Park Avenue, 39th Floor, New York, NY 10022.</p> <p>Mr. Bowring is also the Managing Director of International Management Services Ltd, which is engaged in provision of company management. International Management Services Ltd's principal office is located at 4th Floor Harbour Centre, Grand Cayman, Cayman Islands.</p>	British



March 26, 2010

Mr. Christopher Lacovara  
Chairman and Vice President  
Kohlberg Capital Corporation  
295 Madison Avenue - 6th Floor  
New York, NY 10017

Dear Mr. Lacovara:

We are writing to you as a follow up to our earlier correspondence in a letter dated December 2, 2009. In that letter, we proposed ways in which Cyrus Capital Partners, L.P. ("Cyrus") could deepen its engagement with Kohlberg Capital Corporation (the "Company") – both financially, as an investor, as well as operationally, as a partner in management.

As you know, Cyrus is a registered investment adviser that was originally formed in 1999. We manage distressed, capital structure arbitrage, special situations and direct lending investments through offices in New York and London.

We have a ten-year track record and our senior investment professionals have in excess of 175 years combined experience. Our investment strategy is rooted in deep fundamental research, and this philosophy has remained steadfast since the inception of the firm. The investment and operations teams are highly talented and experienced hedge fund professionals that are committed to making Cyrus a "best in class" firm. As of March 2010, we have a team of 34 people and assets under management are approximately \$1.9 billion.

Today, Cyrus is filing a Schedule 13D with the United States Securities and Exchange Commission indicating that investment funds and separate accounts managed by us own in the aggregate 5% of the Company's outstanding common stock. Subject to the completion of due diligence and mutual agreement on terms and structure, and in compliance with all applicable laws, we remain interested in providing the Company (through one or more of our managed funds and/or accounts) with a capital infusion of up to \$100 million. We believe that such an investment would prove to be of considerable value for both the Company and its shareholders in two important ways.

First, such an investment would assist the Company in restructuring its balance sheet. As you are aware, the Company and its affiliated entities currently face significant challenges in respect of their obligations under certain existing credit facilities. In particular, the Company is a party to that certain Loan Funding and Servicing Agreement, dated as of February 14, 2007, as amended, and to date has had a great deal of difficulty extending the maturity date of this credit facility. By deleveraging, the Company would have an opportunity to extensively renegotiate its relationship with creditors, as well as to negotiate a restructuring of the Company's and its affiliated entities' existing debt obligations.

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We believe that a restructuring would result in increased financial flexibility and would thus enable the Company and its affiliates to pursue significant opportunities in the debt markets. The cost savings from a deleveraging would also significantly enhance the value of shareholders' investments in the Company.

Second, the additional investment proposed by Cyrus would allow the Company to improve its position in respect of its asset coverage ratio requirements under the Investment Company Act of 1940 (the "1940 Act"). As you know, as a business development company, the Company is required to maintain an asset coverage ratio of at least 200%, as mandated by the 1940 Act. As reported in the Company's most recent Form 10-Q (for the quarter ending June 30, 2009), the Company's current leverage position is dangerously close to this minimum threshold requirement. We believe that Cyrus' proposed infusion of capital could be structured to provide the Company with a much-needed asset coverage cushion, thereby freeing the Company to pursue additional financing alternatives in the future.

In connection with this proposed investment, Cyrus, or one of its affiliated entities, would enter into a management agreement with the Company, thus allowing the Company and its shareholders to benefit from Cyrus' extensive experience in the field of distressed investing. Such an arrangement should enable the Company to achieve immediate operational efficiencies, thus freeing it to more effectively employ its assets in the debt markets and pursue its strategic objectives.

Cyrus is intent on expanding its relationship with the Company and looks forward to exploring this proposal, which would invariably benefit the Company and its shareholders. Fundamentally, as a shareholder, Cyrus has a vested interest in taking all possible steps that will provide the Company with the surest platform for growth, while maximizing shareholder returns.

It is understood that this letter is solely an indication of interest and does not constitute an offer or commitment on the part of Cyrus or any fund or account managed by it to submit a definitive agreement to enter into a transaction on these or any other terms at any future time. In addition to negotiating acceptable legal documentation, final agreement on any transaction would require: (i) satisfactory completion of our diligence; (ii) final approval by our investment committee and the Company's Board of Directors; (iii) approval of the Company's stockholders, to the extent required; and (iv) compliance with all applicable regulatory requirements.

We would appreciate and look forward to discussing these issues with you and with senior management in a cordial and productive manner. Given the urgency of these matters, we suggest that this occur as soon as possible.

Sincerely,  
/s/ Eric Green  
Eric Green  
Managing Director

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## ITEM 5(C) DISCLOSURE

**Reporting Party: Cyrus Opportunities Master Fund II, Ltd.**

<b>Transaction Date</b>	<b>Per Share Purchase Price</b>	<b>Number of Shares</b>	<b>Total Purchase Price*</b>
January 15, 2010	\$3.9492	273,622	\$1,088,796.66
January 21, 2010	\$4.2979	5,951	\$25,755.33
January 22, 2010	\$4.3689	31,822	\$139,981.80
January 25, 2010	\$4.4665	1,697	\$7,630.50
January 26, 2010	\$4.2558	11,250	\$48,215.25
January 27, 2010	\$4.2898	15,450	\$66,740.91
January 28, 2010	\$4.2480	8,140	\$34,822.92
February 8, 2010	\$3.9861	2,841	\$11,409.74
February 9, 2010	\$3.9971	18,964	\$76,369.92
February 10, 2010	\$4.0594	6,125	\$25,047.58
February 11, 2010	\$4.0473	6,664	\$27,171.13
February 12, 2010	\$4.0209	3,920	\$15,879.53
February 16, 2010	\$4.0718	2,687	\$11,021.54
February 22, 2010	\$4.2700	5,708	\$24,544.40
March 3, 2010	\$5.0480	12,740	\$108,605.56
	\$5.0553	8,676	
March 4, 2010	\$5.2205	24,819	\$130,312.16
March 5, 2010	\$5.2114	23,683	\$123,563.69
March 8, 2010	\$5.2600	4,900	\$25,921.00
March 12, 2010	\$5.5009	21,070	\$116,536.06
March 17, 2010	\$5.6764	14,700	\$83,884.08
March 18, 2010	\$5.7760	18,816	\$109,245.70
March 19, 2010	\$5.5089	14,700	\$81,421.83
<b>Aggregate Total</b>		538,945	\$2,382,877.29

\* Purchase price is inclusive of brokerage commissions.

**Reporting Party: CRS Fund, Ltd.**

<b>Transaction Date</b>	<b>Per Share Purchase Price</b>	<b>Number of Shares</b>	<b>Total Purchase Price*</b>
January 15, 2010	\$3.9492	109,448	\$435,515.48
January 21, 2010	\$4.2979	2,381	\$10,304.73
January 22, 2010	\$4.3689	12,729	\$55,993.60
January 25, 2010	\$4.4665	679	\$3,053.75
January 26, 2010	\$4.2558	4,500	\$19,286.10
January 27, 2010	\$4.2898	6,180	\$26,696.36
January 28, 2010	\$4.2480	3,256	\$13,929.17
February 5, 2010	\$3.9177	7,000	\$27,633.90
February 8, 2010	\$3.9861	4,159	\$16,702.96
February 9, 2010	\$3.9971	8,126	\$32,724.21
February 10, 2010	\$4.0594	2,625	\$10,734.68
February 11, 2010	\$4.0473	2,856	\$11,644.77
February 12, 2010	\$4.0209	1,680	\$6,805.51
February 16, 2010	\$4.0718	1,152	\$4,725.27
February 22, 2010	\$4.2700	2,446	\$10,517.80
March 3, 2010	\$5.0480	5,460	\$46,548.85
	\$5.0553	3,719	
March 4, 2010	\$5.2205	10,636	\$55,844.32
March 5, 2010	\$5.2114	10,150	\$52,956.61
March 8, 2010	\$5.2600	2,100	\$11,109.00
March 12, 2010	\$5.5009	9,030	\$49,994.03
March 17, 2010	\$5.6764	6,300	\$35,950.32
March 18, 2010	\$5.7760	8,064	\$46,819.58
March 19, 2010	\$5.5089	6,300	\$34,895.07
<b>Total</b>		230,976	\$1,020,336.07

\* Purchase price is inclusive of brokerage commissions.

**Reporting Party: Crescent 1, L.P.**

<b>Transaction Date</b>	<b>Per Share Purchase Price</b>	<b>Number of Shares</b>	<b>Total Purchase Price*</b>
January 15, 2010	\$3.9492	109,448	\$435,515.48
January 21, 2010	\$4.2979	2,381	\$10,304.73
January 22, 2010	\$4.3689	12,729	\$55,993.60
January 25, 2010	\$4.4665	679	\$3,053.75
January 26, 2010	\$4.2558	4,500	\$19,286.10
January 27, 2010	\$4.2898	6,180	\$26,696.36
January 28, 2010	\$4.2480	3,256	\$13,929.17
February 5, 2010	\$3.9177	2,000	\$7,895.40
February 8, 2010	\$3.9861	2,000	\$8,032.20
February 9, 2010	\$3.9971	7,740	\$31,169.75
February 10, 2010	\$4.0594	2,500	\$10,223.50
February 11, 2010	\$4.0473	2,720	\$11,090.26
February 12, 2010	\$4.0209	1,600	\$6,481.44
February 16, 2010	\$4.0718	1,097	\$4,499.67
February 22, 2010	\$4.2700	2,329	\$10,014.70
March 3, 2010	\$5.0480	5,200	\$44,332.72
	\$5.0553	3,542	
March 4, 2010	\$5.2205	10,130	\$53,187.57
March 5, 2010	\$5.2114	9,666	\$50,431.39
March 8, 2010	\$5.2600	2,000	\$10,580.00
March 12, 2010	\$5.5009	8,600	\$47,565.74
March 17, 2010	\$5.6764	6,000	\$34,238.40
March 18, 2010	\$5.7760	7,680	\$44,590.08
March 19, 2010	\$5.5089	6,000	\$33,233.40
<b>Aggregate Total</b>		219,977	\$972,345.41

\* Purchase price is inclusive of brokerage commissions.

**Reporting Party: Cyrus Select Opportunities Master Fund, Ltd.**

<b>Transaction Date</b>	<b>Per Share Purchase Price</b>	<b>Number of Shares</b>	<b>Total Purchase Price</b>
January 15, 2010	\$3.9492	54,725	\$217,761.72
January 21, 2010	\$4.2979	1,190	\$5,150.20
January 22, 2010	\$4.3689	6,364	\$27,994.60
January 25, 2010	\$4.4665	340	\$1,527.61
January 26, 2010	\$4.2558	2,250	\$9,643.05
January 27, 2010	\$4.2898	3,090	\$13,348.18
January 28, 2010	\$4.2480	1,627	\$6,960.31
February 5, 2010	\$3.9177	1,000	\$3,947.70
February 8, 2010	\$3.9861	1,000	\$4,016.10
February 9, 2010	\$3.9971	3,870	\$15,584.88
February 10, 2010	\$4.0594	1,250	\$5,111.75
February 11, 2010	\$4.0473	1,360	\$5,545.13
February 12, 2010	\$4.0209	800	\$3,240.72
February 16, 2010	\$4.0718	548	\$2,247.79
February 22, 2010	\$4.2700	1,166	\$5,013.80
March 3, 2010	\$5.0480	2,600	\$22,166.37
	\$5.0553	1,771	
March 4, 2010	\$5.2205	5,065	\$26,593.78
March 5, 2010	\$5.2114	4,833	\$25,215.70
March 8, 2010	\$5.2600	1,000	\$5,290.00
March 12, 2010	\$5.5009	4,300	\$23,782.87
March 17, 2010	\$5.6764	3,000	\$17,119.20
March 18, 2010	\$5.7760	3,840	\$22,295.04
March 19, 2010	\$5.5089	3,000	\$16,616.70
<b>Totals</b>		109,989	\$486,173.20

\* Purchase price is inclusive of brokerage commissions.

## JOINT FILING AGREEMENT PURSUANT TO RULE 13d-1(k)(1)

In accordance with Rule 13d-1(k) under the Securities Exchange Act of 1934, as amended, the persons named below agree to the joint filing on behalf of each of them of the Schedule 13D to which this Agreement is an exhibit (and any further amendment filed by them) with respect to the shares of Common Stock of Kohlberg Capital Corporation. This agreement may be executed simultaneously in any number of counterparts, all of which together shall constitute one and the same instrument.

CYRUS CAPITAL PARTNERS, L.P.

By: Cyrus Capital Partners GP, L.L.C., its general partner

By: /s/ Stephen C. Freidheim

\_\_\_\_\_  
Name: Stephen C. Freidheim

Title: Managing Member

CYRUS CAPITAL PARTNERS GP, L.L.C.

By: /s/ Stephen C. Freidheim

\_\_\_\_\_  
Name: Stephen C. Freidheim

Title: Managing Member

CYRUS CAPITAL ADVISORS, L.L.C.

By: /s/ Stephen C. Freidheim

\_\_\_\_\_  
Name: Stephen C. Freidheim

Title: Managing Member

/s/ Stephen C. Freidheim

\_\_\_\_\_  
Stephen C. Freidheim

CRESCENT 1, L.P.

By: Cyrus Capital Advisors, L.L.C., its general partner

By: /s/ Stephen C. Freidheim

\_\_\_\_\_  
Name: Stephen C. Freidheim

Title: Managing Member

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CYRUS OPPORTUNITIES MASTER FUND II, LTD.

By: /s/ Stephen C. Freidheim

\_\_\_\_\_  
Name: Stephen C. Freidheim

Title: Authorized signatory

CRS FUND, LTD.

By: /s/ Stephen C. Freidheim

\_\_\_\_\_  
Name: Stephen C. Freidheim

Title: Authorized signatory

CYRUS SPECIAL OPPORTUNITIES MASTER FUND, LTD.

By: /s/ Stephen C. Freidheim

\_\_\_\_\_  
Name: Stephen C. Freidheim

Title: Authorized signatory

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