



KCAP Financial, Inc.

Cusip: 48668E101

As previously announced on June 19, 2018, the Board of Directors of KCAP Financial, Inc. (the Company) declared a distribution of \$0.10 per share which was paid or reinvested on July 26, 2018 to shareholders of record on July 6, 2018. The distribution is derived from the following sources:

Net Investment Income	\$0.07
Profit from the sales of securities	0.00
Return of Capital	0.03
Total	<u>\$0.10</u>

These amounts are calculated using U.S. GAAP or "book basis" reporting, and are unaudited.

This notice is not for tax reporting purposes and is being provided only for information purposes in order to comply with the requirements of Section 19 of the Investment Company of 1940. In January 2019, after the completion of the Company's tax year, shareholders of record and brokers will receive a Form 1099-DIV which will reflect the amount of income, capital gain and return of capital paid by the Company, taxable in calendar year 2018, and reportable on 2018 federal and other income tax returns

Broker/Dealers – Please forward this notice (with the distribution, if applicable) to your clients who received this distribution.

For Information on KCAP Financial, Inc.:

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<https://kcapfinancial.gcs-web.com>

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