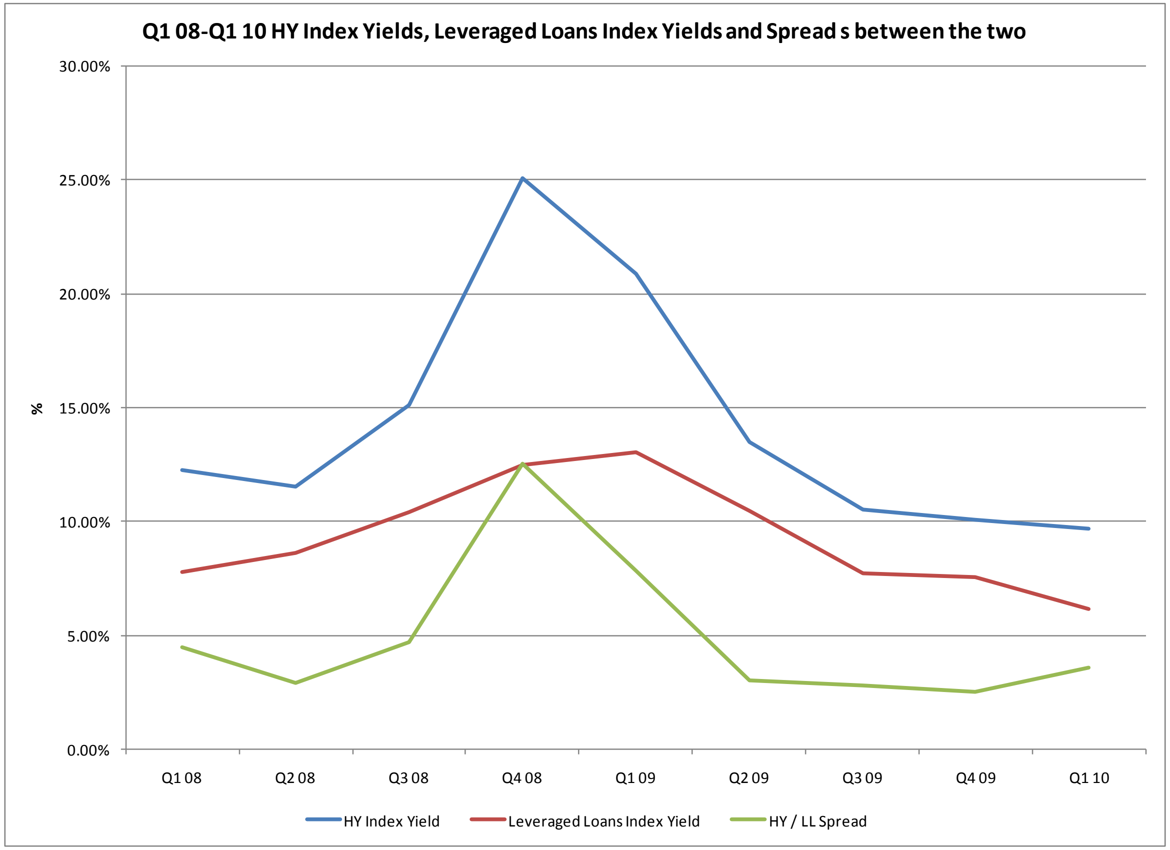
# Q1 2008 – Q1 2010 Overall Market Yields

- Bond yields spiked in Q4 08. Loan yields were less volatile than bonds and spiked in Q1 09.
- Higher Bond and Loan yields translate into lower marks based on our market-based income approach



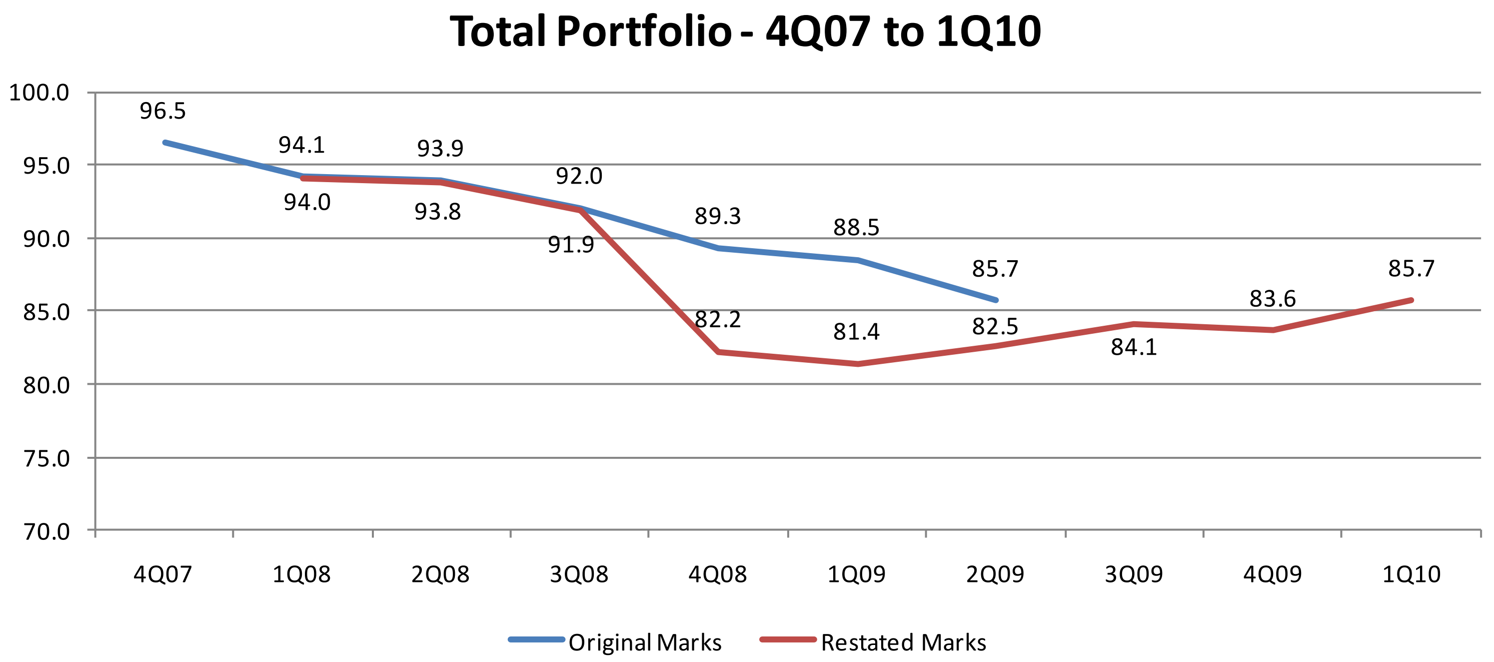

*Source: S&P's LCD News*

# KCAP's Loan Portfolio Fair Value: Restated vs Original

## Restated vs. Original Filings: Quarterly Impacts (in $ millions)

| *($MM)* | **1Q08** | **2Q08** | **3Q08** | **4Q08** | **1Q09** | **2Q09** |
|---|---|---|---|---|---|---|
| First Lien | -$1.02 | -$2.42 | -$1.80 | -$14.19 | -$15.96 | -$9.83 |
| Second Lien | $0.79 | $2.38 | $1.40 | -$10.30 | -$8.10 | -$1.86 |
| Mezz / Sub. Notes / Bonds | -$0.11 | -$0.50 | -$0.23 | -$5.83 | -$5.07 | -$0.84 |
| **Entire Portfolio** | **-$0.35** | **-$0.54** | **-$0.63** | **-$30.33** | **-$29.13** | **-$12.53** |
| ***% Change*** | ***-0.1%*** | ***-0.1%*** | ***-0.2%*** | ***-7.9%*** | ***-8.0%*** | ***-3.7%*** |

# Q407-Q110 KCAP's Weighted Average Loan Marks

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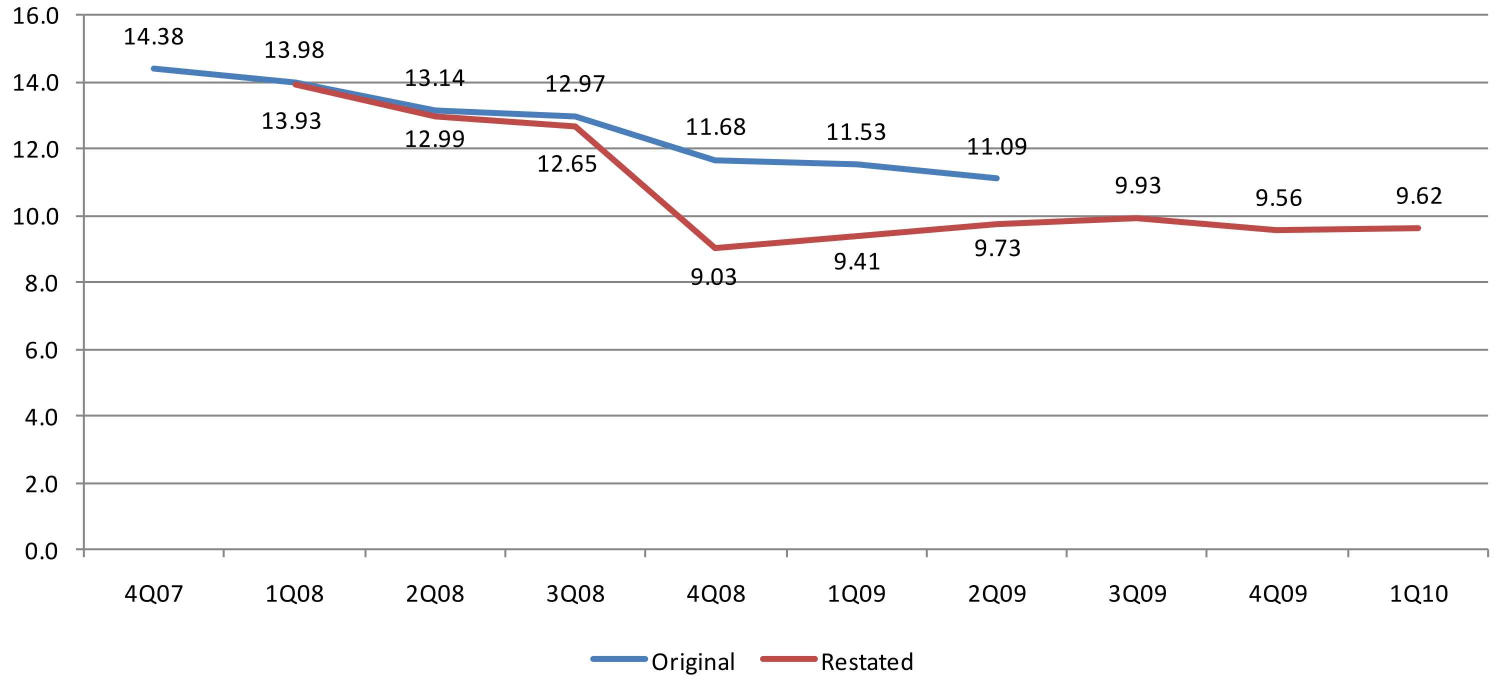
# KCAP's NAV per Share ($): Restated vs Original

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