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## **KCAP Financial, Inc. Announces Closing of a New Collateralized Loan Obligation Fund to be Managed by Its Wholly Owned Portfolio Company and Related Investment**

NEW YORK, Dec. 20, 2012 (GLOBE NEWSWIRE) -- KCAP Financial, Inc. (Nasdaq:KCAP) (NYSE:KAP) announced that its wholly owned portfolio company, Trimaran Advisors, LLC, closed a \$415 million collateralized loan obligation fund of leveraged loans and high yield bonds. Trimaran is the collateral manager for this fund and KCAP Financial will invest approximately \$12.5 million in tranches of subordinated notes issued by the fund in connection with the transaction.

Dominick J. Mazzitelli, the President and Portfolio Manager at Trimaran Advisors, said: "We are pleased to complete our first Trimaran-managed CLO since being acquired by KCAP Financial, and we are excited about the opportunities going forward as we continue to broaden the platform."

### **About KCAP Financial, Inc.**

KCAP Financial, Inc. is a publicly traded, internally managed business development company. The Company's middle market investment business originates, structures, finances and manages a portfolio of term loans, mezzanine investments and selected equity securities in middle market companies. The Company's wholly owned portfolio companies Trimaran Advisors, L.L.C and Katonah Debt Advisors, L.L.C., manage collateralized loan obligation funds that invest in broadly syndicated corporate term loans, high-yield bonds and other credit instruments.

The KCAP Financial, Inc. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=3121>

### **Forward-Looking Statements**

This press release contains certain forward-looking statements. Words such as "believes," "intends," "expects," "projects," "anticipates," and "future" or similar expressions are intended to identify forward-looking statements. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results to differ materially from those projected in these forward-looking statements, and these factors are identified from time to time in the Company's filings with the SEC. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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