

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 OR 15(d) of  
The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported) October 1, 2007**

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**Kohlberg Capital Corporation**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**814-00735**  
(Commission File Number)

**20-5951150**  
(IRS Employer  
Identification No.)

**295 MADISON AVENUE  
NEW YORK, NY**  
(Address of principal executive offices)

**10017**  
(Zip Code)

**Registrant's telephone number, including area code: (212) 455-8300**

(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12(b) under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01. Entry into a Material Definitive Agreement.**

On October 1, 2007, Kohlberg Capital Corporation (“Kohlberg Capital”) entered into an amendment (the “Amendment”) to the Loan Funding and Servicing Agreement (the “Loan Funding and Servicing Agreement”), dated as of February 14, 2007, by and among Kohlberg Capital Funding LLC I (“KCAP Funding”), Kohlberg Capital, BMO Capital Markets Corp., as the Agent, Lyon Financial Services, Inc. (d/b/a U.S. Bank Portfolio Services), as the Backup Servicer, U.S. Bank National Association, as Trustee, each of the conduit lenders and institutional lenders from time to time party thereto, and each of the lender agents from time to time party thereto.

The Amendment has increased Kohlberg Capital’s borrowing capacity under the Loan Funding and Servicing Agreement from \$200 million to \$275 million, extended the commitment termination date from February 14, 2012 to October 1, 2012, and raised the interest spread charged on borrowed funds by 15 basis points, to 0.85%. The applicable interest is based on prevailing commercial paper rates plus 0.85% or, if the commercial paper market is at any time unavailable, prevailing LIBOR rates plus an applicable spread. In addition, the Amendment revised the method for determining the required equity contribution from Kohlberg Capital to KCAP Funding. Subject to certain thresholds, the required equity contribution will be stepped up from \$45 million to \$60 million, depending on the amount of outstanding borrowings. Under the terms of the Amendment, Kohlberg Capital was also required to pay a one-time, 1% structuring fee on the \$75 million increase in the maximum amount of funds available under the Loan Funding and Servicing Agreement at the time it entered into the Amendment.

**Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The information set forth under Item 1.01 of this report on Form 8-K is hereby incorporated in this Item 2.03 by reference.

**Item 8.01. Other Events.**

On October 2, 2007 Kohlberg Capital issued a press release, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits.**

Exhibit 99.1. Press release dated October 2, 2007

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**October 2, 2007**  
(Date)

**Kohlberg Capital Corporation**  
(Registrant)

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**/s/ MICHAEL I. WIRTH**  
Michael I. Wirth  
*Chief Financial Officer*

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**Exhibit Index**

99.1 Press release dated October 2, 2007

**Kohlberg Capital Announces Increase in Revolving Credit Facility Commitment**

Kohlberg Capital Corporation (Nasdaq:KCAP) (“Kohlberg Capital”) announced today that it entered into an amendment to its secured revolving credit facility. As amended, the credit facility provides for:

- An increased maximum borrowing capacity of \$275 million;
- A five-year credit facility commitment due October 1, 2012; and
- An interest rate payable on outstanding borrowings based on the commercial paper rate plus 0.85%.

Kohlberg Capital primarily uses advances under the credit facility to make additional investments. The credit facility is secured by the loans acquired by Kohlberg Capital with the advances under the credit facility through funds loaned by or through BMO Capital Markets Corp, the agent for the lenders, based on prevailing commercial paper rates plus 0.85% or, if the commercial paper market is at any time unavailable, based on prevailing LIBOR rates, plus an applicable spread.

As of August 31, 2007, the aggregate outstanding loan balance under the credit facility was \$160 million. As a business development corporation, Kohlberg Capital is limited in the amount of leverage it can incur to finance investments and is required to meet a coverage of total assets to total senior securities of at least 200%. Dayl Pearson, the President and Chief Executive Officer of Kohlberg Capital, commented: “The increase in our credit facility availability gives us additional flexibility in our sources of capital and our ability to take advantage of a credit environment with higher spreads and better debt structures.”

For more information regarding Kohlberg Capital, including a discussion of certain risks associated with an investment in the common stock of Kohlberg Capital, please refer to Kohlberg Capital’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007 and Annual Report on Form 10-K for the fiscal year ended December 31, 2006 as well as the other public filings made by Kohlberg Capital with the Securities and Exchange Commission, all of which can be accessed under the investor relations section of its website, [www.kohlbergcapital.com](http://www.kohlbergcapital.com).

Certain statements in this press release are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created thereby. These statements involve a number of risks, uncertainties, and other factors including potential changes in market conditions that could cause actual results to differ materially. This press release does not constitute an offer to sell or the solicitation of an offer to buy any securities of Kohlberg Capital.

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About Kohlberg Capital Corporation (KCAP):

Kohlberg Capital Corporation is a publicly traded, internally managed business development company. Our middle market investment business originates, structures, finances and manages a portfolio of term loans, mezzanine investments and selected equity securities in middle market companies. Our wholly-owned portfolio company, Katonah Debt Advisors, manages CLO Funds that invest in broadly syndicated corporate term loans, high-yield bonds and other credit instruments.

Kohlberg Capital Corporation's filings with the Securities and Exchange Commission, earnings releases, press releases and other financial, operational and governance information are available on the Company's website at [www.kohlbergcapital.com](http://www.kohlbergcapital.com).

SOURCE: Kohlberg Capital

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