

Wachovia Capital Markets, LLC  
375 Park Avenue, NY4077  
New York, NY 10152



**WACHOVIA SECURITIES**

March 17, 2006

Dear Investor:

The enclosed material describes the CapitalSource Inc. Dividend Reinvestment and Stock Purchase Plan. The Plan is designed by CapitalSource to provide current stockholders and interested new investors with a convenient way to purchase CapitalSource common stock. The Plan will be administered by American Stock Transfer & Trust Company, CapitalSource's transfer agent.

A copy of the prospectus relating to the Plan and additional information, including enrollment forms that need to be completed before you can participate in the Plan, can be found at the administrator's website, [www.amstock.com](http://www.amstock.com).

Please review the prospectus for complete Plan details. CapitalSource has instructed Wachovia Capital Markets, LLC to provide you with this material on behalf of CapitalSource and American Stock Transfer & Trust Company for the sole purpose of compliance with the securities laws and regulations of certain states.

Please contact American Stock Transfer & Trust Company directly at (866) 673-8057 should you have questions about how to enroll in the Plan.

Thank you for your interest.

Wachovia Capital Markets, LLC