

WhiteHorse Finance, Inc.  
Form DEFR14A  
June 19, 2015

SCHEDULE 14A  
(RULE 14a-101)

Information Required in Proxy Statement  
Schedule 14A Information  
Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934

Filed by the Registrant ☒ x

Filed by Party other than the Registrant ☐ o

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☒ x Definitive Proxy Statement

☐ o Definitive Additional Material

☐ o Soliciting Material Pursuant to Rule 14a-12

**WhiteHorse Finance, Inc.**

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, If Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ x **No fee required.**

☐ o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, schedule or registration statement no.:

(3) Filing party:

(4) Date filed:

WHITEHORSE FINANCE, INC.  
1450 Brickell Avenue, 31<sup>st</sup> Floor  
Miami, Florida 33131

June 18, 2015

Dear Stockholder:

You are cordially invited to attend the 2015 Annual Meeting of Stockholders (the “Annual Meeting”) of WhiteHorse Finance, Inc. (the “Company”) to be held on August 3, 2015 at 12:00 p.m., Eastern Time, at the offices of Dechert LLP, located at 1095 Avenue of the Americas, New York, New York.

The Notice of Annual Meeting of Stockholders and the proxy statement, which are accessible on the Internet or by request, provide an outline of the business to be conducted at the Annual Meeting. At the Annual Meeting, you will be asked to: (1) elect two directors of the Company and (2) approve a proposal to authorize flexibility for the Company, with approval of the Company’s Board of Directors, to sell shares of the Company’s common stock (during the next 12 months) at a price below the then-current net asset value per share in one or more offerings, subject to certain conditions as set forth in the proxy statement. I will also report on the Company’s progress during the past year and respond to stockholders’ questions.

It is very important that your shares be represented at the Annual Meeting. Even if you plan to attend the Annual Meeting in person, I urge you to follow the instructions on the Notice of Internet Availability of Proxy Materials to vote your proxy on the Internet. We encourage you to vote via the Internet, if possible, as it saves the Company significant time and processing costs. On the Notice of Internet Availability of Proxy Materials you also will find instructions on how to request a hard copy of the proxy statement and proxy card free of charge, and you may vote your proxy by returning a proxy card to us after you request the hard copy materials. Your vote and participation in the governance of the Company are very important to us.

Sincerely yours,

Jay Carvell  
Chief Executive Officer



WHITEHORSE FINANCE, INC.  
1450 Brickell Avenue, 31<sup>st</sup> Floor  
Miami, Florida 33131  
(305) 381-6999

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON AUGUST 3, 2015

Notice is hereby given to the owners of shares of common stock (the “Stockholders”) of WhiteHorse Finance, Inc. (the “Company”) that:

The 2015 Annual Meeting of Stockholders (the “Annual Meeting”) of the Company will be held at the offices of Dechert LLP, located at 1095 Avenue of the Americas, New York, New York, on August 3, 2015 at 12:00 p.m., Eastern Time, for the following purposes:

1. To elect two Class III directors of the Company who will each serve for a term of three years or until his successor is duly elected and qualifies; and

2. To consider and vote upon a proposal to authorize flexibility for the Company, with the approval of the Company’s Board of Directors, to sell shares of the Company’s common stock (during the next 12 months) at a price below the then-current net asset value per share, subject to certain limitations described in this proxy statement.

You have the right to receive notice of, and to vote at, the Annual Meeting if you were a Stockholder of record at the close of business on June 8, 2015. We are furnishing proxy materials to our Stockholders on the Internet, rather than mailing printed copies of those materials to each Stockholder. If you received a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of the proxy materials unless you request them. Instead, the Notice of Internet Availability of Proxy Materials will instruct you as to how you may access and review the proxy materials, and vote your proxy, on the Internet.

Your vote is extremely important to us. If you are unable to attend the Annual Meeting, we encourage you to vote your proxy on the Internet by following the instructions provided on the Notice of Internet Availability of Proxy Materials. You may also request from us, free of charge, hard copies of the proxy statement and a proxy card by following the instructions on the Notice of Internet Availability of Proxy Materials. In the event there are not sufficient votes for a quorum or to approve the proposals at the time of the Annual Meeting, the Annual Meeting may be adjourned in order to permit further solicitation of proxies by the Company.

**THE BOARD OF DIRECTORS, INCLUDING EACH OF THE INDEPENDENT DIRECTORS, UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR EACH OF THE PROPOSALS.**

By Order of the Board of Directors,

Richard Siegel  
Secretary

Miami, Florida  
June 18, 2015

**This is an important meeting. To ensure proper representation at the Annual Meeting, please follow the instructions on the Notice of Internet Availability of Proxy Materials to vote your proxy via the Internet or request, complete, sign, date and return a proxy card. Even if you vote your shares prior to the Annual Meeting, you still may attend the Annual Meeting and vote your shares in person if you wish to change your vote.**

WHITEHORSE FINANCE, INC.  
1450 Brickell Avenue, 31<sup>st</sup> Floor  
Miami, Florida 33131  
(305) 381-6999

## PROXY STATEMENT

For  
2015 Annual Meeting of Stockholders  
To Be Held on August 3, 2015

This document will give you the information you need to vote on the matters listed on the accompanying Notice of Annual Meeting of Stockholders (“Notice of Annual Meeting”). Much of the information in this proxy statement (“Proxy Statement”) is required under rules of the Securities and Exchange Commission (“SEC”), and some of it is technical in nature. If there is anything you do not understand, please contact us at (305) 381-6999.

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the “Board”) of WhiteHorse Finance, Inc. (the “Company,” “WhiteHorse Finance,” “we,” “us” or “our”) for use at our 2015 Annual Meeting of Stockholders (the “Annual Meeting”) to be held on Monday, August 3, 2015 at 12:00 p.m., Eastern Time, at the offices of Dechert LLP, located at 1095 Avenue of the Americas, New York, New York, and at any postponements or adjournments thereof. This Proxy Statement and the Company’s annual report on Form 10-K (the “Annual Report”) for the fiscal year ended December 31, 2014 are being provided to stockholders (“Stockholders”) of the Company of record as of June 8, 2015 (the “Record Date”) via the Internet on or about June 18, 2015. In addition, a Notice of Annual Meeting and a Notice of Internet Availability of Proxy Materials are being sent to Stockholders of record as of the Record Date.

We encourage you to vote your shares, either by voting in person at the Annual Meeting or by voting by proxy, which means that you authorize someone else to vote your shares. Shares represented by duly executed proxies will be voted in accordance with your instructions. If you execute a proxy without specifying your voting instructions, your shares will be voted in accordance with the Board’s recommendation. If any other business is brought before the Annual Meeting, your shares will be voted at the Board’s discretion unless you specifically state otherwise on your proxy.

You may revoke a proxy at any time before it is exercised by notifying the Company’s Secretary in writing, by submitting a properly executed, later-dated proxy or by voting in person at the Annual Meeting. Any Stockholder entitled to vote at the Annual Meeting may attend the Annual Meeting and vote in person, whether or not he or she has previously voted his or her shares via proxy or wishes to change a previous vote.

You will be eligible to vote your shares electronically via the Internet, by telephone or by mail by following the instructions on the Notice of Internet Availability of Proxy Materials.

#### Purpose of Annual Meeting

At the Annual Meeting, you will be asked to vote on the following proposals (the “Proposals”):

1. To elect two Class III directors of the Company who will each serve for a term of three years or until his successor is duly elected and qualifies (“Proposal 1”); and

2. To authorize flexibility for the Company, with the approval of the Company’s Board, to sell shares of the Company’s common stock (during the next 12 months) at a price below the then-current net asset value per share, subject to certain limitations described in this Proxy Statement (“Proposal 2”).

#### Voting Securities

You may vote your shares at the Annual Meeting only if you were a Stockholder of record at the close of business on the Record Date. There were 14,982,857 shares of the Company’s common stock (the “Common Stock”) outstanding on the Record Date. Each share of Common Stock is entitled to one vote.



## Quorum Required

A quorum must be present at the Annual Meeting for any business to be conducted. The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the shares of Common Stock outstanding which are entitled to vote on the Record Date will constitute a quorum. Abstentions will be treated as Shares that are present for purposes of determining the presence of a quorum for transacting business at the Annual Meeting. Shares held by a broker or other nominee for which the nominee has not received voting instructions from the record holder and does not have discretionary authority to vote the shares on non-routine proposals are considered “broker non-votes” with respect to such proposals. Because each Proposal at the Annual Meeting is a non-routine matter, broker non-votes are not entitled to vote with respect to either Proposal. Therefore, broker non-votes will be treated as Shares that are not present for quorum purposes at the Annual Meeting. If there are not enough votes for a quorum, the chairman of the Annual Meeting will adjourn the Annual Meeting to permit the further solicitation of proxies.

## Votes Required

## Election of Directors

The election of a director requires the vote of a majority of the shares of Common Stock cast at the Annual Meeting in person or by proxy. Stockholders may not cumulate their votes. Abstentions will not be included in determining the number of votes cast and, as a result, will have no effect on this Proposal. If you vote to “Withhold Authority” with respect to the nominees, your shares will have the effect of a vote against the person indicated.

## **Authorization to Offer and Sell Shares of Common Stock Below Net Asset Value**

Approval of this Proposal requires the affirmative vote of the Stockholders holding (1) a majority of the outstanding shares of the Company’s Common Stock entitled to vote at the Annual Meeting and (2) a majority of the outstanding shares of the Company’s Common Stock entitled to vote at the Annual Meeting that are not held by affiliated persons of the Company. For purposes of this Proposal, the Investment Company Act of 1940, as amended (the “1940 Act”), defines “a majority of outstanding voting securities” of a Company as: (1) 67% or more of the voting securities present at the Annual Meeting if the holders of more than 50% of the outstanding voting securities of the Company are present or represented by proxy; or (2) more than 50% of the outstanding voting securities of the Company, whichever is less. Abstentions will have the effect of a vote against this Proposal.

Stockholders of the Company may not cumulate their votes.

## Broker Non-Votes

Broker non-votes are described as votes cast by a broker or other nominee on behalf of a beneficial holder who does not provide explicit voting instructions to such broker or nominee and who does not attend the Annual Meeting. Each Proposal is a non-routine matter. As a result, if you hold shares in “street name” through a broker, bank or other nominee, your broker, bank or nominee will not be permitted to exercise voting discretion with respect to either Proposal. Therefore, if you do not give your broker or nominee specific instructions on how to vote for you or you do not vote for yourself via the Internet by returning a proxy card or by other arrangement with your broker or nominee, then your shares will have no effect on either Proposal.

## Adjournment and Additional Solicitation

If there are not enough votes to establish a quorum to approve the Proposals at the Annual Meeting, then either the presiding officer of the Annual Meeting or the Stockholders who are represented in person or by proxy may vote to adjourn the Annual Meeting to permit further solicitation of proxies. Jay Carvell and Gerhard Lombard are the persons named as proxies for the Company and will vote proxies held by them for an adjournment to permit the further solicitation of proxies for purposes of establishing a quorum.

A Stockholder vote may be taken on any of the Proposals in this Proxy Statement prior to any such adjournment if there are sufficient votes for approval of such Proposal.

### Information Regarding This Solicitation

The Company will bear the expense of the solicitation of proxies for the Annual Meeting, including the cost of preparing and posting this Proxy Statement and the Annual Report to the Internet and the cost of mailing the Notice of Annual Meeting, the Notice of Internet Availability of Proxy Materials and any requested proxy materials to Stockholders. The Company intends to use the services of Broadridge Financial Solutions, Inc., a leading provider of investor communications solutions, to aid in the distribution and collection of proxy votes. The Company expects to pay market rates for such services. The Company reimburses brokers, trustees, fiduciaries and other institutions for their reasonable expenses in forwarding proxy materials to the beneficial owners and soliciting them to execute proxies.

In addition to the solicitation of proxies by use of the Internet, proxies may be solicited in person and/or by telephone, mail or facsimile transmission by directors or officers of the Company, officers or employees of H.I.G. WhiteHorse Advisers, LLC, the Company's investment adviser ("WhiteHorse Advisers"), H.I.G. WhiteHorse Administration, LLC, the Company's administrator ("WhiteHorse Administration"), and/or by a retained solicitor. No additional compensation will be paid to such directors, officers or regular employees for such services. If the Company retains a solicitor, the Company has estimated that it would pay approximately \$20,000 for such services. If the Company engages a solicitor, you could be contacted by telephone on behalf of the Company and urged to vote. The solicitor will not attempt to influence how you vote your shares, but only ask that you take the time to cast a vote. You may also be asked if you would like to vote over the telephone and to have your vote transmitted to our proxy tabulation firm. The address of each of WhiteHorse Advisers and WhiteHorse Administration is 1450 Brickell Avenue, 31<sup>st</sup> Floor, Miami, Florida 33131.

Stockholders may provide their voting instructions through the Internet, by telephone or by mail by following the instructions on the Notice of Internet Availability of Proxy Materials. These options require Stockholders to input the control number, which is provided with the Notice of Internet Availability of Proxy Materials. If you vote using the Internet, after visiting [www.proxyvote.com](http://www.proxyvote.com) and inputting your control number, you will be prompted to provide your voting instructions. Stockholders will have an opportunity to review their voting instructions and make any necessary changes before submitting their voting instructions and terminating their Internet link. Stockholders that vote via the Internet, in addition to confirming their voting instructions prior to submission, will, upon request, receive an e-mail confirming their instructions.

If a Stockholder wishes to participate in the Annual Meeting but does not wish to give a proxy by the Internet, the Stockholder may attend the Annual Meeting in person or request and submit a proxy card by following the instructions on the Notice of Internet Availability of Proxy Materials.

Any proxy authorized pursuant to this solicitation may be revoked by notice from the person giving the proxy at any time before it is exercised. A revocation may be effected by resubmitting voting instructions via the Internet voting

site, by telephone, by obtaining and properly completing another proxy card that is dated later than the original proxy card and returning it, by mail, in time to be received before the Annual Meeting, by attending the Annual Meeting and voting in person, or by a notice, provided in writing and signed by the Stockholder, delivered to the Company's Secretary on any business day before the date of the Annual Meeting.

#### Security Ownership of Certain Beneficial Owners and Management

As of the Record Date, to our knowledge, there are no persons who would be deemed to "control" us, as such term is defined in the 1940 Act.

Our directors consist of two interested directors and two independent directors. An interested director is an "interested person" of the Company, as defined in the 1940 Act, and independent directors are all other directors (the "Independent Directors"). Messrs. Thomas C. Davis and Rick D. Puckett qualify as Independent Directors, currently seeking to identify and nominate one additional Independent Director to fill a vacancy on the Board following the June 1, 2015 resignation of Mr. Alexander W. Pease. The Company's Nominating and Corporate Governance Committee is in the process of identifying a director nominee to replace Mr. Pease.

The following table sets forth, as of June 16, 2015, certain ownership information with respect to our Common Stock for those persons who directly or indirectly own, control or hold with the power to vote, five percent or more of our outstanding Common Stock and all officers and directors, individually and as a group.

Name and address	Type of ownership	Percentage of Common Stock outstanding	
		Shares owned	Percentage
H.I.G. Bayside Debt & LBO Fund II, L.P. <sup>(1)</sup>	Record/Beneficial	4,312,282	28.8 %
H.I.G. Bayside Loan Opportunity Fund II, L.P. <sup>(1)</sup>	Record/Beneficial	3,514,002	23.5 %
John Bolduc <sup>(2)</sup>	Record/Beneficial	128,634	*
Jay Carvell <sup>(2)</sup>	Record/Beneficial	10,567	*
Anthony Tamer <sup>(3)(4)</sup>	Record/Beneficial	7,982,725	53.3 %
Sami Mnaymneh <sup>(3)(5)</sup>	Record/Beneficial	7,994,350	53.4 %
Thomas C. Davis <sup>(2)</sup>	Record/Beneficial	8,000	*
Rick D. Puckett <sup>(2)</sup>	Record/Beneficial	19,480	*
Marco Collazos <sup>(2)</sup>	Record/Beneficial	—	*
Gerhard Lombard <sup>(2)</sup>	Record/Beneficial	3,811	*
William Markert <sup>(2)</sup>	Record/Beneficial	—	*
All officers and directors as a group (7 persons)	Record/Beneficial	170,492	1.1 %

\*

Represents less than 1.0%.

(1) The address of H.I.G. Bayside Debt & LBO Fund II, L.P. and H.I.G. Bayside Loan Opportunity Fund II, L.P., each a Delaware limited partnership, is 1450 Brickell Avenue, 31<sup>st</sup> Floor, Miami, Florida 33131. The shares of Common Stock shown in the above table as being owned by the named entities reflect the fact that they collectively may be viewed as having investment power over 7,826,284 shares of our Common Stock indirectly owned of record by such entities, although voting rights to such securities have been passed through to the respective limited partners. Each of H.I.G. Bayside Debt & LBO Fund II, L.P. and H.I.G. Bayside Loan Opportunity Fund II, L.P. disclaims beneficial ownership of such shares of Common Stock, except to the extent of its respective pecuniary interests therein.

(2) The address for each of our directors and officers is c/o WhiteHorse Finance, Inc., 1450 Brickell Avenue, 31<sup>st</sup> Floor, Miami, Florida 33131.

(3) Messrs. Mnaymneh and Tamer are control persons of H.I.G.-GP II, Inc., which is the manager of the general partner of each of H.I.G. Bayside Debt & LBO Fund II, L.P. and H.I.G. Bayside Loan Opportunity Fund II, L.P. The shares of Common Stock shown in the above table as being owned by each named individual reflects the fact that, due to their control of such entities, each may be viewed as having investment power over 7,826,284 shares of Common Stock indirectly owned by such entities, although voting rights to such securities have been passed

through to the respective members and limited partners. Messrs. Mnaymneh and Tamer disclaim beneficial ownership of such shares of Common Stock, except to the extent of their respective pecuniary interests therein.

Mr. Tamer is the President of Tamer H.I.G. Management, L.P. The shares of Common Stock shown in the above table as being owned by Mr. Tamer reflect the fact that, due to his control of Tamer H.I.G. Management, L.P., Mr. (4) Tamer may be viewed as having investment power over 156,441 shares of Common Stock owned by such entity. Mr. Tamer disclaims beneficial ownership of shares of Common Stock held by Tamer H.I.G. Management, L.P., except to the extent of his direct pecuniary interest therein.

Mr. Mnaymneh is the General Partner and Manager of Mnaymneh H.I.G. Management, L.P. The shares of Common Stock shown in the above table as being owned by Mr. Mnaymneh reflect the fact that, due to his control (5) of Mnaymneh H.I.G. Management, L.P., Mr. Mnaymneh may be viewed as having investment power over 168,066 shares of Common Stock owned by such entity. Mr. Mnaymneh disclaims beneficial ownership of shares of Common Stock held by Mnaymneh H.I.G. Management, L.P., except to the extent of his direct pecuniary interest therein.

#### Section 16(a) Beneficial Ownership Reporting Compliance

Pursuant to Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company's directors and other executive officers and any persons holding more than 10% of its Common Stock are required to report their beneficial ownership and any changes therein to the SEC and the Company. Specific due dates for those reports have been established, and the Company is required to report in this Proxy Statement any failure to file such reports by those due dates. Based on the Company's review of Forms 3, 4 and 5 filed by such persons and information provided by the Company's directors and other executive officers, the Company believes that, during the fiscal year ended December 31, 2014, all Section 16(a) filing requirements applicable to such persons were met in a timely manner.

## Dollar Range of Securities Beneficially Owned by Directors

The following table sets forth the dollar range of our equity securities beneficially owned by each of our directors as of June 16, 2015. We are not part of a “family of investment companies,” as that term is defined in Schedule 14A.

<b>Name of Director</b>	<b>Dollar Range of Equity Securities in WhiteHorse Finance<sup>(1)</sup></b>
<b>Independent Directors</b>	
Thomas C. Davis	\$100,001 – \$500,000
Rick D. Puckett	\$100,001 – \$500,000
<b>Interested Directors</b>	
John Bolduc	Over \$1,000,000
Jay Carvell	\$100,001 – \$500,000

(1) Dollar ranges are as follows: None; \$1 – \$10,000; \$10,001 – \$50,000; \$50,001 – \$100,000; \$100,001 – \$500,000; \$500,001 – \$1,000,000; and Over \$1,000,000.

## PROPOSAL 1: ELECTION OF DIRECTORS

In accordance with the Company’s bylaws, the Board currently has four members. Directors are divided into three classes and are elected for staggered terms of three years each, with a term of office of one of the three classes of directors expiring each year. After this election, the terms of Class I, II and III will expire in 2016, 2017 and 2018, respectively. Each director will hold office for the term to which he is elected or until his successor is duly elected and qualifies.

On June 1, 2015, Alexander W. Pease resigned from the Board effective as of June 1, 2015. Mr. Pease served as an independent director of the Company since 2012, and his term as a Class I director was scheduled to expire in 2016. Prior to his resignation, Mr. Pease also served as the Chairman of the Compensation Committee and as a member of the Audit Committee and the Nominating and Corporate Governance Committee of the Company. Mr. Pease’s decision to resign from the Board was a result of his acceptance of a new position with an employer that prohibits its employees from serving on public boards and was not due to any dispute or disagreement with the Company on any matter relating to the Company’s operations, policies or practices. Pursuant to the Company’s Articles of Incorporation and Bylaws, a vacancy on the Board may be filled by a majority vote of the remaining directors, and any director elected to fill a vacancy will serve for the remainder of the term. The Company’s Nominating and Corporate Governance Committee is in the process of identifying a director nominee to replace Mr. Pease.

A Stockholder can vote for or against, or abstain from voting with respect to, any nominee. In the absence of instructions to the contrary, it is the intention of the persons named as proxies to vote such proxy FOR the election of each nominee named below. If a nominee should decline or be unable to serve as a director, it is intended that the proxy will be voted for the election of such person as is nominated by the Board as a replacement. The Board has no reason to believe that Messrs. Bolduc and Puckett will be unable or unwilling to serve.

**THE BOARD, INCLUDING EACH OF ITS INDEPENDENT DIRECTORS, UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE NOMINEES NAMED IN THIS PROXY STATEMENT.**

#### Information about the Nominees and Directors

Certain information with respect to the Class III nominees for election at the Annual Meeting, as well as each of the other directors, is set forth below, including their names, ages, a brief description of their recent business experience, including present occupations and employment, certain directorships that each person holds and the year in which each person became a director of the Company. Each nominee for Class III director currently serves as a director of the Company.



Messrs. Bolduc and Puckett have each been nominated for election as a Class III director for a three-year term expiring in 2018. Messrs. Bolduc and Puckett are not being proposed for election pursuant to any agreement or understanding between Mr. Bolduc or Mr. Puckett and the Company.

#### Nominees for Class III Directors

<b>Name, Age and Address<sup>(1)</sup></b>	<b>Position(s) Held with the Company</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation(s) During the Past Five Years</b>	<b>Other Directorships Held by Director or Nominee for Director During the Past Five Years<sup>(2)</sup></b>
<b>Interested Directors</b>				
John Bolduc (50) <sup>(4)</sup>	Chairman of the Board	Class III director since 2012; term expires 2015	Mr. Bolduc serves as an Executive Managing Director of H.I.G. Capital, LLC ("H.I.G. Capital").	None
<b>Independent Directors</b>				
Rick D. Puckett (61)	Director, Chairman of the Audit Committee	Class III director since 2012; term expires 2015	Mr. Puckett has served as Executive Vice President, Chief Financial Officer and Chief Administrative Officer of Snyder's-Lance, Inc., a food manufacturer, since September 2014 and Executive Vice President, Chief Financial Officer and Treasurer from December 2010 to August 2014. Prior to holding this position, Mr. Puckett served as Executive Vice President, Chief Financial Officer and Treasurer of Lance, Inc.	None

Class II Directors (continuing directors not up for re-election at the Annual Meeting)

<b>Name, Age and Address<sup>(1)</sup></b>	<b>Position(s) Held with the Company</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation(s) During the Past Five Years</b>	<b>Other Directorships Held by Director or Nominee for Director During the Past Five Years<sup>(2)</sup></b>
Interested Directors				
Jay Carvell (49) <sup>(3)</sup>	Chief Executive Officer and Director	Class II director since 2014; term expires 2017	Mr. Carvell serves as a Managing Director at H.I.G. WhiteHorse, an investment adviser affiliated with H.I.G. Capital. Prior to joining such affiliate, Mr. Carvell was a partner at WhiteHorse Capital Partners, L.P.	None
Independent Directors				
Thomas C. Davis (67)	Director, Chairman of the Nominating and Corporate Governance Committee	Class II director since 2014; term expires 2017	Mr. Davis serves as Chief Executive Officer of The Concorde Group, Inc., a financial advisory firm.	Mr. Davis currently serves on the board of directors of Dean Foods Company and Affirmative Insurance Holdings, Inc. Mr. Davis served on the board of directors of Westwood Holdings Group, Inc. from 2004 to 2013 and Biohorizons, Inc. from 2009 to 2013.

(1) The business address of each director is c/o WhiteHorse Finance, Inc., 1450 Brickell Avenue, 31<sup>st</sup> Floor, Miami, Florida 33131.

(2) No director otherwise serves as a director of any company with a class of securities registered pursuant to Section 12 of the Exchange Act or subject to the requirements of Section 15(d) of the Exchange Act or any company registered as an investment company under the 1940 Act.

(3) Mr. Carvell is an interested director due to his position as Chief Executive Officer of the Company and a Managing Director of an investment adviser affiliated with H.I.G. Capital.

(4) Mr. Bolduc is an interested director due to his position as an Executive Managing Director of H.I.G. Capital.



## Corporate Governance

We believe that maintaining the highest standards of corporate governance is a crucial part of our business, and we are committed to having in place the necessary controls and procedures designed to ensure compliance with applicable laws, rules and regulations.

## Director Independence

The NASDAQ Global Select Market (“NASDAQ”) corporate governance requirements require listed companies to have a board of directors with at least a majority of Independent Directors. Under NASDAQ corporate governance requirements, in order for a director to be deemed independent, our Board must determine that the individual does not have a relationship that would interfere with the director’s exercise of independent judgment in carrying out his responsibilities. On an annual basis, each of our directors is required to complete an independence questionnaire designed to provide information to assist the Board in determining whether the director is independent under NASDAQ corporate governance requirements, the 1940 Act and our corporate governance guidelines. Our Board has determined that each of our directors, other than Messrs. Carvell and Bolduc, is independent under the NASDAQ listing standards and the 1940 Act. Our corporate governance guidelines require any director who has previously been determined to be independent to inform the Chairman of the Board, the Chairman of the Nominating and Corporate Governance Committee and the Secretary of any change in circumstance that may cause his status as an Independent Director to change. The Board limits membership on the Audit Committee and the Nominating and Corporate Governance Committee to Independent Directors.

## The Board’s Oversight Role in Management

The Board’s role in management of the Company is one of oversight. Oversight of the Company’s investment activities extends to oversight of the risk management processes employed by WhiteHorse Advisers as part of its day-to-day management of our investment activities. The Board reviews risk management processes at both regular and special Board meetings throughout the year, consulting with appropriate representatives of WhiteHorse Advisers as necessary and periodically requesting the production of risk management reports or presentations. The goal of the Board’s risk oversight function is to ensure that the risks associated with our investment activities are accurately identified, thoroughly investigated and responsibly addressed. Stockholders should note, however, that the Board’s oversight function cannot eliminate all risks or ensure that particular events do not adversely affect the value of the Company’s investments.

## The Board’s Composition and Leadership Structure

The 1940 Act requires that at least a majority of the Company's directors not be "interested persons" (as defined in the 1940 Act) of the Company. Currently, two of the Company's four directors are Independent Directors (and are not "interested persons"). Jay Carvell, a Managing Director of an investment adviser affiliated with H.I.G. Capital, and therefore an interested person of the Company, serves as Chief Executive Officer and as a director of the Company. John Bolduc, an Executive Managing Director of H.I.G. Capital, and therefore an interested person of the Company, serves as Chairman of the Board. Our Board believes that it is in the best interests of our investors for Mr. Bolduc to lead the Board because of his familiarity with our portfolio companies, his broad experience with the day-to-day management and operation of other investment funds and his significant background in credit investing and in the financial services industry, as described below. The Board does not have a lead Independent Director. However, Rick D. Puckett, the Chairman of the Audit Committee, is an Independent Director and acts as a liaison between the Independent Directors and management between meetings of the Board. Mr. Puckett is involved in the preparation of agendas for Board and committee meetings. The Board believes that its leadership structure is appropriate because the structure allocates areas of responsibility among the individual directors and the committees in a manner that enhances effective oversight. The Board also believes that its small size creates an efficient corporate governance structure that provides opportunity for direct communication and interaction between WhiteHorse Advisers and the Board.

## Information About Each Director's Experience, Qualifications, Attributes or Skills

Below is additional information about each director (supplementing the information provided in the table above) that describes some of the specific experiences, qualifications, attributes and/or skills that each director possesses and which the Board believes has prepared each director to be an effective member of the Board. The Board believes that the significance of each director's experience, qualifications, attributes and/or skills is an individual matter (meaning that experience or a factor that is important for one director may not have the same value for another) and that these factors are best evaluated at the Board level, with no single director, or particular factor, being indicative of Board effectiveness. However, the Board believes that directors need to have the ability to review, evaluate, question and discuss critical information provided to them and to interact effectively with Company management, service providers and counsel, in order to exercise effective business judgment in the performance of their duties. The Board believes that its members satisfy this standard. Experience relevant to having this ability may be achieved through a director's professional experience, education and/or other personal experiences. The Company's counsel has significant experience advising funds and fund board members. The Board and its committees have the ability to engage other experts as appropriate. The Board evaluates its performance on an annual basis.

The Board believes that, collectively, the directors have balanced and diverse experience, qualifications, attributes and skills, which allow the Board to operate effectively in governing the Company and protecting the interests of its Stockholders. Below is a description of the various experiences, qualifications, attributes and/or skills with respect to each director considered by the Board.

### Interested Directors

*John Bolduc:* Mr. Bolduc has been Chairman of our Board since 2012. Mr. Bolduc is an Executive Managing Director of H.I.G. Capital, having joined the firm in 1993. Mr. Bolduc is responsible for leading H.I.G. Capital's credit platform, which manages approximately \$8 billion of capital across multiple investment funds. He has more than 25 years of experience focused on credit investments, including primary loans and distressed debt, as well as private equity investments. Mr. Bolduc currently serves on the boards of directors of several privately held companies. Prior to joining H.I.G. Capital in 1993, Mr. Bolduc was at the management-consulting firm of Bain & Company, a leading worldwide management-consulting firm, where he directed domestic and international assignments for Fortune 500 clients. Prior to joining Bain & Company, Mr. Bolduc worked for three years as the Assistant to the President of Chemed Corporation (NYSE: CHE), a specialty chemical company. Mr. Bolduc is a graduate of Lehigh University with a B.S. degree in Computer Science and earned his M.B.A. from the University of Virginia's Darden School of Business.

Mr. Bolduc was selected to serve as Chairman of our Board due, in part, to his familiarity with our portfolio companies, his broad experience with the day-to-day management and operation of other investment funds and his significant background investing in debt and working in the financial services industry.

*Jay Carvell:* Mr. Carvell is our Chief Executive Officer and has served as a director since 2012. Mr. Carvell also serves as a Managing Director at H.I.G. WhiteHorse, an investment adviser affiliated with H.I.G. Capital. He is responsible for all aspects of our investment process, including sourcing, structuring and post-closing strategies, as well as portfolio management. Prior to joining H.I.G. WhiteHorse, Mr. Carvell was a founding partner of WhiteHorse Capital Partners, L.P., a leading credit investor and manager of collateralized loan obligations, or CLOs. At WhiteHorse Capital Partners, Mr. Carvell co-managed portfolios of par and distressed loans across numerous industries and sectors through several market cycles. Mr. Carvell has over 15 years of experience in credit investment and management, including structuring and placement, trading and restructuring and reorganization. This experience branches across small-cap, mid-cap and broadly syndicated investments. Before founding WhiteHorse Capital Partners in 2003, Mr. Carvell held various positions with Highland Capital Management, L.P. and PricewaterhouseCoopers LLP. Mr. Carvell earned both a B.A. and an M.B.A. from the University of Texas at Austin and holds the Chartered Financial Analyst designation.

Mr. Carvell was selected to serve as a director on our Board due to his experience investing in credit instruments and managing WhiteHorse Capital Partners. Mr. Carvell's experience building WhiteHorse Capital Partners brings expertise in developing a successful credit investment firm to the Board.

#### Independent Directors

*Thomas C. Davis:* Mr. Davis has served as a director since 2012. He currently serves on the board of directors of Dean Foods Company and Affirmative Insurance Holdings, Inc. Mr. Davis is actively involved in investing in and financing small-cap companies through a wholly owned financial advisory firm called The Concorde Group, Inc., of which he serves as Chief Executive Officer. Mr. Davis previously served as the Managing Partner and head of Donaldson, Lufkin & Jenrette Inc.'s investment banking and corporate finance activities in the southwestern United States from March 1984 to February 2001, when Credit Suisse First Boston acquired Donaldson, Lufkin & Jenrette. At Donaldson, Lufkin & Jenrette, Mr. Davis was responsible for the mergers and acquisitions activity and the equity and leveraged finance activity that Donaldson, Lufkin & Jenrette undertook in the southwestern United States. In this capacity, Mr. Davis worked with several large private equity firms as clients, in addition to a variety of public and private companies in the following industries: broadcast and telecommunications, energy, food service and health care. Mr. Davis received a B.S. in Aerospace Engineering from the Georgia Institute of Technology and an M.B.A. from Harvard Business School and was an officer in the U.S. Navy.

Mr. Davis' experience as Managing Partner at a large investment banking firm overseeing corporate finance activities and as a board member of several companies are among the attributes that led to the conclusion that Mr. Davis should serve on our Board.

*Rick D. Puckett:* Mr. Puckett has served as a director since 2012. He has served as Executive Vice President, Chief Financial Officer and Chief Administrative Officer since September 2014 and Executive Vice President, Chief Financial Officer and Treasurer of Snyder's-Lance, Inc. from December 2010 to August 2014 and served as Executive Vice President, Chief Financial Officer and Treasurer of Lance, Inc. from 2006 to December 2010. Prior to joining Lance, Mr. Puckett served as Executive Vice President, Chief Financial Officer, Secretary and Treasurer of United Natural Foods, Inc., a wholesale distributor of natural and organic products, from 2005 to January 2006 and as Senior Vice President, Chief Financial Officer and Treasurer of United Natural Foods from 2003 to 2005. Mr. Puckett earned both his B.S. in Accounting and his M.B.A. from the University of Kentucky and is a Certified Public Accountant.

Mr. Puckett's experience as Executive Vice President and Chief Financial Officer at a public company and his training as a Certified Public Accountant are among the attributes that led to the conclusion that Mr. Puckett should serve on our Board.

#### Committees of the Board

Our Board has established an Audit Committee, a Nominating and Corporate Governance Committee and a Compensation Committee. For the fiscal year ended December 31, 2014, our Board held five Board meetings, four Audit Committee meetings, two Nominating and Corporate Governance Committee meetings and one Compensation Committee meeting. All directors attended at least 75% of the aggregate number of meetings of the Board and of the respective committees on which they served that were held while they were members of the Board. The Company requires each director to make a diligent effort to attend all Board and committee meetings and encourages directors to attend the Annual Meeting. The Company's Nominating and Corporate Governance Committee is currently seeking to identify and nominate one additional Independent Director to fill a vacancy on the Board and each of the Audit Committee, Nominating and Corporate Governance Committee and Compensation Committee following the June 1, 2015 resignation of Mr. Pease.

#### Audit Committee

The members of the Audit Committee are Messrs. Davis and Puckett, each of whom is independent for purposes of the 1940 Act and NASDAQ corporate governance requirements. Mr. Puckett serves as Chairman of the Audit Committee. The Audit Committee is responsible for pre-approving the engagement of the independent accountants to render audit and/or permissible non-audit services, approving the terms of compensation of such independent



accountants, reviewing with our independent accountants the plans and results of the audit engagement, reviewing the independence of our independent accountants and reviewing the adequacy of our internal accounting controls. The Audit Committee is also responsible for aiding our Board in fair value pricing debt and equity securities that are not publicly-traded or for which current market values are not readily available. The Board and Audit Committee use the services of one or more independent valuation firms to help them determine the fair value of these securities. Our Board has determined that Mr. Puckett is an “audit committee financial expert,” as defined under Item 407(d)(5) of Regulation S-K under the Securities Act of 1933, as amended (the “Securities Act”). In addition, each member of our Audit Committee meets the current independence and experience requirements of Rule 10A-3 under the Exchange Act. The Audit Committee has adopted a written charter that is available on our website at [www.whitehorsefinance.com](http://www.whitehorsefinance.com).

#### Nominating and Corporate Governance Committee

The members of the Nominating and Corporate Governance Committee are Messrs. Davis and Puckett, each of whom is independent for purposes of the 1940 Act and the NASDAQ corporate governance requirements. Mr. Davis serves as Chairman of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is responsible for selecting, researching and nominating directors for election by our Stockholders, selecting nominees to fill vacancies on the Board or a committee of the Board, developing and recommending to the Board a set of corporate governance principles and overseeing the evaluation of the Board and our management. The Nominating and Corporate Governance Committee has adopted a written charter that is available on our website at [www.whitehorsefinance.com](http://www.whitehorsefinance.com).

The Nominating and Corporate Governance Committee considers Stockholders' recommendations for possible nominees for election as directors when such recommendations are submitted in accordance with our bylaws, the Nominating and Corporate Governance Committee charter and any applicable law, rule or regulation regarding director nomination. Our bylaws provide that a Stockholder who wishes to nominate a person for election as a director at a meeting of Stockholders must deliver written notice to our Secretary, Richard Siegel, c/o WhiteHorse Finance, Inc., 1450 Brickell Avenue, 31<sup>st</sup> Floor, Miami, Florida 33131. This notice must contain, as to each nominee, all of the information relating to such person as would be required to be disclosed in a proxy statement meeting the requirements of Regulation 14A under the Exchange Act and certain other information set forth in our bylaws, including the following information for each director nominee: full name, age and address; principal occupation during the past five years; directorships on publicly held companies and investment companies during the past five years; number of shares of our Common Stock owned, if any; and a written consent of the individual to stand for election if nominated by the Board and to serve if elected by the Stockholders. In order to be eligible to be a nominee for election as a director by a Stockholder, such potential nominee must deliver to our Secretary a written questionnaire providing the requested information about the background and qualifications of such person and a written representation and agreement that such person is not and will not become a party to any voting agreements, any agreement or understanding with any person with respect to any compensation or indemnification in connection with service on the Board and would be in compliance with all of our publicly disclosed corporate governance, conflict of interest, confidentiality, stock ownership and trading policies and guidelines.

Criteria considered by the Nominating and Corporate Governance Committee in evaluating the qualifications of individuals for election as members of the Board include compliance with the independence and other applicable requirements of the NASDAQ corporate governance requirements, the 1940 Act and the SEC, and all other applicable laws, rules, regulations and listing standards, the criteria, policies and principles set forth in the Nominating and Corporate Governance Committee charter and the ability to contribute to the effective management of the Company, taking into account the needs of the Company and such factors as the individual's experience, perspective, skills and knowledge of the industry in which the Company operates. The Nominating and Corporate Governance Committee has not adopted a formal policy with regard to the consideration of diversity in identifying individuals for election as members of the Board, but the Nominating and Corporate Governance Committee will consider such factors as it may deem are in the best interests of the Company and its Stockholders. Such factors may include the individual's professional experience, education, skills and other individual qualities or attributes, including gender, race or national origin.

#### Compensation Committee

We established a Compensation Committee in May 2014. The members of our Compensation Committee are Messrs. Davis and Puckett, each of whom meets the independence standards established by the SEC and the NASDAQ corporate governance rules. The Compensation Committee is responsible for determining, or recommending to the Board for determination, the compensation, if any, of our independent directors, our chief executive officer and all other executive officers of the Company. Currently none of the Company's executive officers is compensated by the Company and, as a result, the Compensation Committee does not produce and/or review a report on executive compensation practices. The Compensation Committee also has the authority to engage compensation consultants following consideration of certain factors related to such consultants' independence. The Compensation Committee

Charter is available on our website at [www.whitehorsefinance.com](http://www.whitehorsefinance.com).

#### Communication with the Board

Stockholders with questions about the Company are encouraged to contact the Company's Investor Relations Department, located at 1450 Brickell Avenue, 31<sup>st</sup> Floor, Miami, Florida 33131, or by calling us collect at (305) 381-6999 or by visiting our website at [www.whitehorsefinance.com](http://www.whitehorsefinance.com). However, if Stockholders believe that their questions have not been addressed, they may communicate with the Board by sending their communications to Richard Siegel, Secretary, c/o WhiteHorse Finance, Inc., 1450 Brickell Avenue, 31<sup>st</sup> Floor, Miami, Florida 33131. All Stockholder communications received in this manner will be delivered to one or more members of the Board.

#### Information about the Executive Officers Who Are Not Directors

Set forth below is certain information regarding our executive officers who are not directors.

<b>Name and Address<sup>(1)</sup></b>	<b>Age</b>	<b>Position</b>
Gerhard Lombard	41	Chief Financial Officer, Treasurer
William Markert	50	Chief Operating Officer

(1) The address for each executive officer is c/o WhiteHorse Finance, Inc., 1450 Brickell Avenue, 31<sup>st</sup> Floor, Miami, Florida 33131.

*Gerhard Lombard:* Mr. Lombard has served as our Chief Financial Officer and Treasurer since June 2014. He also served as the Company's Controller from September 2012 to June 2014. Since joining our team in 2012, Mr. Lombard has worked on a number of key initiatives, including enhancing quarterly and annual SEC financial reporting and building out our financial reporting function. Previously, Mr. Lombard was the Chief Accounting Officer for Churchill Financial Group, a leading middle market finance and asset management company. Mr. Lombard started his career at Ernst & Young LLP in the assurance and advisory practice, where he rose to the level of Senior Manager in the financial services industry group. Mr. Lombard earned a B.Comm. in Accounting and a Postgraduate Degree in Finance from Stellenbosch University in South Africa, and is a Chartered Accountant.

*William Markert:* Mr. Markert has served as our Chief Operating Officer since August 2014, in which capacity he is responsible for the Company's operational and support functions. Before joining the Company in May 2014, Mr. Markert served as Chief Financial Officer for and an adviser to Securus Technologies, Inc., an integrated communications and technology company, from June 2008 through April 2014, where he was responsible for accounting, finance, tax, treasury, billing, purchasing, mergers and acquisitions, and the implementation of efficiency projects. Prior to joining Securus, Mr. Markert held several executive-level finance and operations positions at Eschelon Telecom, Inc., Global Crossing, Ltd. and its predecessor companies. Mr. Markert earned a B.B.A. from the University of Wisconsin — Whitewater and an M.B.A. from the University of St. Thomas in St. Paul, Minnesota.

Information about the Officers Who Are Not Directors