

PROPOSAL – AUTHORIZATION FOR THE COMPANY TO SELL ITS COMMON STOCK, PAR VALUE \$0.02 PER SHARE, AT A PRICE BELOW THE COMPANY’S THEN CURRENT NET ASSET VALUE PER SHARE IN ONE OR MULTIPLE OFFERINGS SUBJECT TO CERTAIN CONDITIONS SET FORTH IN THIS PROPOSAL

Under the 1940 Act, a business development company (“BDC”) may not sell shares of its common stock at a price below the then current net asset value (“NAV”), exclusive of sales compensation, unless its shareholders approve such a sale and our Board of Directors makes certain determinations. We are seeking the authorization of our shareholders so that we may, in one or multiple public or private offerings, sell or otherwise issue Common Stock at a price below our then current NAV, subject to certain conditions discussed below. Our Board of Directors believes that having the flexibility to sell our Common Stock below NAV in certain instances is in the best interests of shareholders. Flexibility to sell our Common Shares below NAV will provide us with better access to the capital markets as attractive investment opportunities arise, and improve our ability to grow over time and pay dividends to shareholders. Accordingly, even when our Common Shares trade at a market price below NAV, this Proposal would permit us to offer and sell shares of our Common Stock in accordance with pricing standards that market conditions generally require, subject to the conditions described below in connection with any offering undertaken pursuant to this Proposal. If approved, as required under the 1940 Act, the authorization would be effective for securities sold during a period beginning on the date of such shareholder approval and expiring on the earlier of the one year anniversary of the date of the Meeting, or the date of our 2017 Annual Meeting of Shareholders.

We have no immediate plans to sell our Common Shares below NAV. However, we are seeking shareholder approval for multiple such offerings in order to maintain access to the markets if the Board of Directors determines that we should sell Common Stock below NAV. These sales typically must be undertaken quickly. The final terms of any such sale will be determined by the Board of Directors at the time of sale, and it is impracticable to describe the transaction or transactions in which our Common Shares would be sold at a price below NAV. Instead, any transaction where we sell such Common Shares, including the nature and amount of consideration that we would receive at the time of sale and the use of any such consideration, will be reviewed and approved by the Board of Directors at the time of sale. Subject to the condition that the cumulative number of shares sold on any given date does not exceed 20% of its then outstanding common stock immediately prior to each such sale; there will be no limit on the percentage below NAV at which our Common Shares may be sold in an offering by the Company under this Proposal. If this Proposal is approved, no further authorization from the shareholders will be solicited prior to any such sale in accordance with the terms of this Proposal.

THE BOARD BELIEVES THAT A VOTE “FOR” THE PROPOSAL TO AUTHORIZE THE COMPANY TO SELL ITS COMMON SHARES AT A PRICE OR PRICES BELOW THE COMPANY’S THEN CURRENT NET ASSET VALUE PER SHARE IN ONE OR MULTIPLE OFFERINGS AS DESCRIBED HEREIN IS IN THE BEST INTERESTS OF OUR SHAREHOLDERS AND RECOMMENDS A VOTE “FOR” THE PROPOSAL.

1940 Act Conditions for Sales below NAV

A BDC’s ability to issue shares of its common stock at a price below NAV is governed by the 1940 Act. If shareholders approve this Proposal, we will only sell Company Shares at a price below NAV if the following conditions are met:

- a majority of the Company’s directors who are not “interested persons” of the Company as defined in the 1940 Act, and who have no financial interest in the sale, shall have approved the sale and determined that it is in the best interests of the Company and its shareholders; and
 - a majority of such directors, who are not interested persons of the Company, in consultation with the underwriter or underwriters of the offering if it is to be underwritten, have determined in good faith, and as of a time immediately prior to the first solicitation by or on behalf of the Company of firm commitments to purchase such securities or immediately prior to the issuance of such securities, that the price at which such securities are to be sold is not less than a price which closely approximates the market value of those securities, less any underwriting commission or discount, which could be substantial.
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Board of Directors Approval

On April 20, 2016, the Company's Board of Directors, including a majority of the non-interested directors who have no financial interest in this Proposal, approved this Proposal as in the best interests of the Company and its shareholders and is recommending that the Company's shareholders vote in favor of this Proposal to offer and sell the Company's Common Shares at prices that may be less than NAV. In evaluating this Proposal, the Company's Board of Directors, including the non-interested directors, considered and evaluated factors including the following, as discussed more fully below:

- possible long-term benefits to the Company's shareholders; and
- possible dilution to the Company's NAV.

Prior to approving this Proposal, the Company's Board of Directors met to consider and evaluate material that our management provided on the merits of our possibly raising additional capital and the merits of publicly offering Common Shares at a price below NAV. The Company's Board of Directors considered the objectives of a possible offering, the mechanics of an offering, establishing size parameters for an offering, the possible effects of dilution, Common Shares trading volume, and other matters, including that the Company's Common Shares have frequently traded both above and below NAV in recent quarters. The Board of Directors evaluated a full range of offering sizes. However, the Board of Directors has not yet drawn any definite conclusions regarding the size of the any contemplated capital raises at this time, to the extent the Company's Common Shares may trade below NAV. In determining whether or not to offer and sell Common Shares, including below NAV, the Board of Directors has a duty to act in the Company's best interests and its shareholders and must comply with the other requirements of the 1940 Act.

Reasons to Offer Common Shares Below NAV

Our Board of Directors believes that having the flexibility for the Company to sell its Common Shares below NAV in certain instances is in the Company's best interests and the best interests of its shareholders. Such flexibility will enhance our ability to expand our small business finance platform. After any proposed offering of Common Shares, if we were unable to access the capital markets when attractive investment opportunities arise, our ability to grow over time and to continue to pay dividends to shareholders could be adversely affected. In reaching that conclusion, our Board of Directors considered the following possible benefits to its shareholders:

Current Market Conditions Have Created Attractive Opportunities

Current market opportunities have created, and we believe will continue to create for the foreseeable future, favorable opportunities to invest, including opportunities that, all else being equal, may increase the Company's NAV over the longer-term, even if financed with the issuance of Common Shares below NAV. Shareholder approval of this Proposal, subject to the conditions detailed below, is expected to provide the Company with the flexibility to expand its small business finance platform and invest in the attractive opportunities we believe are presented by current market conditions.

Market conditions also have beneficial effects for capital providers, including reduced competition, more favorable pricing of credit risk, more conservative capital structures and more creditor-friendly contractual terms. Accordingly, we believe that the Company could benefit from access to capital in this constrained credit market and that the current environment should provide attractive investment opportunities. Our ability to take advantage of these opportunities will depend upon its continued access to capital.

Greater Investment Opportunities Due to Larger Capital Resources

Our Board of Directors believes that additional capital raised through an offering of Common Shares may help it generate additional deal flow. Based on discussions with management, the Company's Board of Directors believes that greater deal flow, which may be achieved with more capital, would enable the Company to be a more significant participant in the private debt and equity markets and to compete more effectively for attractive investment opportunities. Management has represented to the Company's Board of Directors that such investment opportunities may be funded with proceeds of future offerings of Common Shares. However, management has not identified specific companies in which to invest the proceeds of an offering given that specific investment opportunities will change depending on the timing of any offering.

Higher Market Capitalization and Liquidity May Make the Company's Common Shares More Attractive to Investors

If the Company issues Common Shares, its market capitalization and the amount of its publicly tradable Common Shares will increase, which may afford all holders of its Common Shares greater liquidity. A larger market capitalization may make the Company's stock more attractive to a larger number of investors who have limitations of the size of companies in which they invest. Furthermore, a larger number of Common Shares outstanding may increase the Company's trading volume, which could decrease the volatility in the secondary market price of its Common Shares.

Initiation and Possible Increase of Dividends

A larger and more diversified portfolio could provide the Company with more consistent cash flow, which may support the growth of its dividend.

Reduced Expenses Per Share

An offering that increases the Company's total assets may reduce its expenses per share due to the spreading of fixed expenses over a larger asset base. The Company must bear certain fixed expenses, such as certain administrative, governance and compliance costs that do not generally vary based on its size. On a per share basis, these fixed expenses will be reduced when supported by a larger asset base.

Status as a BDC and RIC and Maintaining a Favorable Debt-to-Equity Ratio

As a BDC, and as a Company that intends to qualify as a RIC for tax purposes beginning with our tax year ended December 31, 2015, the Company is dependent on its ability to raise capital through the sale of Common Shares. RICs generally must distribute substantially all of their earnings from dividends, interest and short-term gains to shareholders as dividends in order to achieve tax treatment as a RIC, which prevents the Company from using those earnings to support new investments. Further, in order to borrow money or issue preferred stock, BDCs must maintain a debt-to-equity ratio of not more than 1-for-2, which will require the Company to finance its investments with at least twice as much common equity as debt and preferred stock in the aggregate. Therefore, to continue to build the Company's investment portfolio, and thereby support maintenance and growth of the Company's dividends, the Company will endeavor to maintain consistent access to capital through the public and private equity markets to enable it to take advantage of investment opportunities as they arise.

Exceeding the required 1-for-2 debt-to-equity ratio would have severe negative consequences for a BDC, including an inability to pay dividends, possible breaches of debt covenants and failure to qualify for tax treatment as a RIC. Although the Company does not currently expect that it will exceed the required 1-for-2 debt-to-equity ratio, the markets the Company operates in and the general economy remain volatile and uncertain. Even though the underlying performance of a particular portfolio company may not indicate impairment or an inability to repay indebtedness in full, the volatility in the debt capital markets may continue to impact the valuations of debt investments negatively and result in further unrealized write-downs of debt investments. Any such asset write-downs, as well as unrealized write-downs based on the underlying performance of the Company's portfolio companies, if any, will negatively impact its shareholders' equity and the resulting debt-to-equity ratio. Issuing new equity will improve the Company's debt-to-equity ratio. In addition to meeting legal requirements applicable to BDCs, having a more favorable debt-to-equity ratio will also generally strengthen the Company's balance sheet and give it more flexibility in its operations.

Trading History

Shares of BDCs may trade at a market price that is less than the value of the net assets attributable to those shares. The possibility that the Company's Common Shares will trade at a discount from net asset value, or at premiums that are unsustainable over the long term, are separate and distinct from the risk that the Company's net asset value will decrease. Shares of the Company's Common Shares have traded at a price both above and below their NAV since they began trading on the NASDAQ Global Market. It is not possible to predict whether the Company's Common Shares will trade at, above, or below net asset value. The following table sets forth, for the two most recent fiscal years and the current fiscal year, the range of high and low sales prices of our Common Shares as reported on the NASDAQ Global Market, our NAV per share, the premium (discount) of high sales price to NAV and the premium (discount) of low sales price to NAV, and has been adjusted to reflect the 1-for-5 Reverse Stock Split effectuated on October 22, 2014:

Period ⁽³⁾	Price Range		NAV ⁽¹⁾	Premium (Discount) of High Sales Price to NAV ⁽²⁾	Premium (Discount) of Low Sales Price to NAV ⁽²⁾
	High	Low			
Fourth Quarter: November 12, 2014 Through December 31, 2014	\$15.75	\$12.61	\$16.31	(3)%	(23)%
First Quarter: January 1, 2015 Through March 31, 2015	\$19.95	\$14.06	\$16.61	20%	(15)%
Second Quarter: April 1, 2015 Through June 30, 2015	\$18.85	\$16.42	\$16.62	13%	(1)%
Third Quarter: July 1, 2015 Through September 30, 2015	\$19.82	\$14.66	\$16.88	17%	(27)%
Fourth Quarter: October 1, 2015 Through December 31, 2015	\$19.18	\$12.80	\$14.06	36%	(9)%
First Quarter: January 1, 2016 Through March 31, 2016	\$14.51	\$9.37	\$14.10	3%	(34)%
Second Quarter: April 1, 2016 Through Present	\$13.36	\$12.20	*	*	*

- (1) Net asset value per share is determined as of the last day in the relevant quarter and therefore may not reflect the net asset value per share on the date of the high and low sales prices. The values reflect shareholders' equity per share/net asset value and are based on outstanding shares at the end of each period.
- (2) Calculated as the respective high or low sales price less net asset value or shareholders' equity per share, as applicable, divided by net asset value or shareholders' equity per share, as applicable and subtracting 1.
- (3) Historical price information provided as of the date the Company elected to be regulated as a BDC under the 1940 Act.

* Not determinable at time of filing.

Key Shareholder Considerations

Dilution

Before voting on this Proposal or giving proxies with regard to this matter, shareholders should consider the potentially dilutive effect of the issuance of the Company's Common Shares at a price that is less than the NAV per share and the expenses associated with such issuance on the NAV per outstanding Common Shares. Any sale of Common Shares at a price below NAV would result in an immediate dilution to existing common shareholders. This dilution would include reduction in the NAV per share as a result of the issuance of shares at a price below the NAV per share and a disproportionately greater decrease in a shareholder's interest in the earnings and assets of the Company and voting interest in the Company than the increase in the assets of the Company resulting from such issuance. Subject to the condition that the cumulative number of shares sold on any given date does not exceed 20% of its then outstanding common stock immediately prior to each such sale, there will be no limit on the percentage below NAV at which shares may be sold in an offering by the Company under this Proposal. The Board of Directors of the Company will consider the potential dilutive effect of the issuance of Common Shares at a price below the NAV per share and will consider again such dilutive effect when considering whether to authorize any specific issuance of Common Shares below NAV.

In addition, shareholders should consider the risk that the approval of this Proposal could cause the market price of the Company's Common Shares to decline in anticipation of sales of its Common Shares below NAV, thus causing the Company's Common Shares to trade at a discount to NAV. The 1940 Act establishes a connection between common share sale price and NAV because, when stock is sold at a sale price below NAV per share, the resulting increase in the number of outstanding shares reduces NAV per share. Shareholders should also consider that they will have no subscription, preferential or preemptive rights to additional BDC Shares proposed to be authorized for issuance, and thus any future issuance of Common Shares will dilute such shareholders' holdings of Common Shares as a percentage of the Company's Common Shares outstanding to the extent shareholders do not purchase sufficient Common Shares in the offering or otherwise to maintain their percentage interest. Further, if current shareholders of the Company do not purchase any Common Shares to maintain their percentage interest, regardless of whether such offering is above or below the then-current NAV, their voting power will be diluted.

The precise extent of any such dilution cannot be estimated before the terms of a Common Share offering are set. As a general proposition, however, the amount of potential dilution will increase as the size of the offering increases. Another factor that will influence the amount of dilution in an offering is the amount of net proceeds that we receive from such offering. The Board of Directors would expect that the net proceeds to us will be equal to the price that investors pay per share less the amount of any underwriting discounts and commissions.

As discussed above, it should be noted that the cumulative number of shares sold from an offering of Company's Common Shares will not exceed 20% of its then outstanding common stock immediately prior to each such sale.

The tables below provide hypothetical examples of the impact that an offering at a price less than net asset value per share may have on the net asset value per share of shareholders and investors who do and do not participate in such an offering. However, the tables below do not show, nor are they intended to show, any potential changes in market price that may occur from an offering at a price less than net asset value per share and it is not possible to predict any potential market price change that may occur from such an offering.

Impact on Existing Shareholders Who Do Not Participate in an Offering of Common Shares

Our existing shareholders who do not participate in an offering below net asset value per share or who do not buy additional shares of common stock in the secondary market at the same or lower price we obtain in the offering (after expenses and commissions) face the greatest potential risk of an immediate decrease (often called dilution) in the net asset value of the shares of common stock they hold and their net asset value per share. These shareholders will also experience a disproportionately greater decrease in their participation in our earnings and assets and their voting power than the increase we will experience in our assets, potential earning power and voting interests due to the offering. These shareholders may also experience a decline in the market price of their shares of common stock, which often reflects to some degree announced or potential increases and decreases in net asset value per share. This decrease could be more pronounced as the size of the offering and level of discounts increases.

The following chart illustrates the level of net asset value dilution that would be experienced by a nonparticipating shareholder in three different hypothetical offerings of different sizes and levels of discount from net asset value per share. It is not possible to predict the level of market price decline that may occur.

The examples assume that the issuer has 14,509,000 common shares outstanding, \$355,485,000 in total assets and \$151,536,000 in total liabilities. The current net asset value and net asset value per share are thus \$203,949,000 and \$14.06. The chart illustrates the dilutive effect on Shareholder A of (1) an offering of 725,450 shares of common stock (5% of the outstanding shares of common stock) at \$13.36 per share after offering expenses and commission (a 5% discount from net asset value), (2) an offering of 1,450,900 shares of common stock (10% of the outstanding shares of common stock) at \$12.65 per share after offering expenses and commissions (a 10% discount from net asset value), (3) an offering of 2,901,800 shares of common stock (20% of the outstanding shares of common stock) at \$11.25 per share after offering expenses and commissions (a 20% discount from net asset value) and (4) an offering of 2,901,800 shares of common stock (20% of the outstanding shares of common stock) at \$0.02 per share after offering expenses and commissions (a 100% discount from net asset value).

Prior to Sale Below NAV	Example 1 5% Offering at 5% Discount		Example 2 10% Offering at 10% Discount		Example 3 20% Offering at 20% Discount		Example 4 20% Offering at 100% Discount		
	Prior to Sale	Following Sale	% Change	Following Sale	% Change	Following Sale	% Change	Following Sale	% Change
Offering Price									
Price per Share to Public	-	\$ 14.06	-	\$ 13.32	-	\$ 11.84	-	\$ 0.02	-
Net Proceeds per Share to Issuer	-	\$ 13.36	-	\$ 12.65	-	\$ 11.25	-	\$ 0.02	-
Decrease to Net Asset Value									
Total Shares Outstanding	14,509,000	15,234,450	5.00%	15,959,900	10.00%	17,410,800	20.00%	17,410,800	20.00%
Net Asset Value per Share	\$ 14.06	\$ 14.02	(0.26)%	\$ 13.93	(0.93)%	\$ 13.59	(3.35)%	\$ 11.72	(16.66)%
Dilution to Nonparticipating Stockholder									
Shares Held by Stockholder A	145,090	145,090	-	145,090	-	145,090	-	145,090	-
Percentage Held by Stockholder A	1.00%	0.95%	(4.76)%	0.91%	(9.09)%	0.83%	(16.67)%	0.83%	(16.67)%
Total Net Asset Value Held by Stockholder A	\$ 2,039,965	\$ 2,034,656	(0.26)%	\$ 2,020,988	(0.93)%	\$ 1,971,570	(3.35)%	\$ 1,700,059	(16.66)%
Total Investment by Stockholder A (Assumed to be \$16.65 per Share)	\$ 2,039,965	\$ 2,039,965	-	\$ 2,039,965	-	\$ 2,039,965	-	\$ 2,039,965	-
Total Dilution to Stockholder A (Total Net Asset Value Less Total Investment)	-	\$ (5,310)	-	\$ (18,977)	-	\$ (68,395)	-	\$ (339,907)	-
Net Asset Value per Share Held by Stockholder A	\$ 14.06	\$ 14.02	-	\$ 13.93	-	\$ 13.59	-	\$ 11.72	-
Investment per Share Held by Stockholder A (Assumed to be \$16.65 per Share on Shares Held Prior to Sale)	\$ 14.06	\$ 14.06	-	\$ 14.06	-	\$ 14.06	-	\$ 14.06	-
Dilution per Share Held by Stockholder A (Net Asset Value per Share Less Investment per Share)	-	\$ (0.03)	-	\$ (0.13)	-	\$ (0.47)	-	\$ (2.34)	-
Percentage Dilution to Stockholder A (Dilution per Share Divided by Investment per Share)	-	-	(0.26)%	-	(0.93)%	-	(3.35)%	-	(16.66)%

Impact on Existing Shareholders Who Do Participate in an Offering of Common Shares

Our existing shareholders who participate in an offering below net asset value per share or who buy additional shares of common stock in the secondary market at the same or lower price as we obtain in the offering (after expenses and commissions) will experience the same types of net asset value dilution as the nonparticipating shareholders, albeit at a lower level, to the extent they purchase less than the same percentage of the discounted offering as their interest in our shares of common stock immediately prior to the offering. The level of net asset value dilution will decrease as the number of shares of common stock such shareholders purchase increases. Existing shareholders who buy more than such percentage will experience net asset value dilution on their existing shares but will, in contrast to existing shareholders who purchase less than their proportionate share of the offering, experience an increase (often called accretion) in average net asset value per share over their investment per share and will also experience a disproportionately greater increase in their participation in our earnings and assets and their voting power than our increase in assets, potential earning power and voting interests due to the offering. The level of accretion will increase as the excess number of shares of common stock such shareholders purchases increases. Even a shareholder who over-participates will, however, be subject to the risk that we may make additional discounted offerings in which such shareholder does not participate, in which case such a shareholder will experience net asset value dilution as described above in such subsequent offerings. These shareholders may also experience a decline in the market price of their shares of common stock, which often reflects to some degree announced or potential decreases in net asset value per share. This decrease could be more pronounced as the size of the offering and level of discounts increases.

The following chart illustrates the level of dilution and accretion in the hypothetical 20% discount offering from the prior chart for a shareholder that acquires shares of common stock equal to (1) 50% of its proportionate share of the offering (i.e., 14,509,000 shares of common stock, which is 0.5% of an offering of 2,901,800 shares of common stock) rather than its 1.00% proportionate share and (2) 150% of such percentage (i.e. 43,527 shares of common stock, which is 1.5% of an offering of 2,901,800 shares of common stock rather than its 0.10% proportionate share). It is not possible to predict the level of market price decline that may occur.

Prior to Sale Below NAV	50% Participation			150% Participation		
	Prior to Sale	Following Sale	% Change	Following Sale	% Change	
Offering Price						
Price per Share to Public	-	\$ 11.84	-	\$ 11.84	-	-
Net Proceeds per Share to Issuer	-	\$ 11.25	-	\$ 11.25	-	-
Decrease/Increase to Net Asset Value						
Total Shares Outstanding	14,509,000	17,410,800	20.00%	17,410,800	20.00%	
Net Asset Value per Share	\$ 14.06	\$ 13.59	-3.33%	\$ 13.59	-3.33%	
Dilution/Accretion to Participating Stockholder						
Shares Held by Stockholder A	145,090	159,599	10.00%	188,617	30.00%	
Percentage Held by Stockholder A	1.00%	0.92%	-8.33%	1.08%	8.33%	
Total Net Asset Value Held by Stockholder A	\$ 2,039,490	\$ 2,168,727	6.34%	\$ 2,563,042	25.67%	
Total Investment by Stockholder A (Assumed to be \$16.65 per Share)	-	\$ 2,211,277	-	\$ 2,554,850	-	
Total Dilution/Accretion to Stockholder A (Total Net Asset Value Less Total Investment)	-	\$ (42,549)	-	\$ 8,192	-	
Net Asset Value per Share held by Stockholder A	\$ 14.06	\$ 13.86	-1.43%	\$ 13.55	-3.64%	
Investment per Share held by Stockholder A (Assumed to be \$16.65 per Share on Shares Held Prior to Sale)	-	\$ 13.59	-	\$ 13.59	-	
Dilution/Accretion per Share Held by Stockholder A (Net Asset Value per Share Less Investment per Share)	-	\$ (0.27)	-	\$ 0.04	-	
Percentage Dilution to Stockholder A (Dilution/Accretion per Share Divided by Investment per Share)	-	-	-1.96%	-	0.32%	

Impact on New Investors of Common Shares

Investors who are not currently shareholders and who participate in an offering of our common stock below net asset value but whose investment per share is greater than the resulting net asset value per share due to selling compensation and expenses paid by the issuer will experience an immediate decrease, albeit small, in the net asset value of their shares of common stock and their net asset value per share compared to the price they pay for their shares of common stock. Investors who are not currently shareholders and who participate in an offering below net asset value per share and whose investment per share is also less than the resulting net asset value per share due to selling compensation and expenses paid by the issuer being significantly less than the discount per share will experience an immediate increase in the net asset value of their shares of common stock and their net asset value per share compared to the price they pay for their shares of common stock. These investors will experience a disproportionately greater participation in our earnings and assets and their voting power than our increase in assets, potential earning power and voting interests. These investors will, however, be subject to the risk that we may make additional discounted offerings in which such new shareholder does not participate, in which case such new shareholder will experience dilution as described above in such subsequent offerings. These investors may also experience a decline in the market price of their shares of common stock, which often reflects to some degree announced or potential increases and decreases in net asset value per share. This decrease could be more pronounced as the size of the offering and level of discounts increases.

The following chart illustrates the level of dilution or accretion for new investors that would be experienced by a new investor in the same hypothetical 5%, 10% and 20% discounted offerings as described in the first chart above. The illustration is for a new investor who purchases the same percentage (1.00%) of the shares of common stock in the offering as Shareholder A in the prior examples held immediately prior to the offering. It is not possible to predict the level of market price decline that may occur.

Prior to Sale Below NAV	Example 1 5% Offering at 5% Discount		Example 2 10% Offering at 10% Discount		Example 3 20% Offering at 20% Discount	
	Following Sale	% Change	Following Sale	% Change	Following Sale	% Change
Offering Price						
Price per Share to Public	\$ 14.06	-	\$ 13.32	-	\$ 11.84	-
Net Proceeds per Share to Issuer	\$ 13.36	-	\$ 12.65	-	\$ 11.25	-
Decrease to Net Asset Value						
Total Shares Outstanding	15,234,450	5.00%	15,959,900	10.00%	17,410,800	20.00%
Net Asset Value per Share	\$ 14.02	-0.24%	\$ 13.93	-0.91%	\$ 13.59	-3.33%
Dilution/Accretion to a New Investor						
Shares Held by Investor A	7,255	-	14,509	-	29,018	-
Percentage Held by Investor A	0.05%	-	0.09%	-	0.17%	-
Total Net Asset Value Held by Investor A	\$ 101,733	-	\$ 202,099	-	\$ 394,314	-
Total Investment by Investor A (Assumed to be \$16.65 per Share)	\$ 101,998	-	\$ 193,260	-	\$ 343,573	-
Total Dilution to Investor A (Total Net Asset Value Less Total Investment)	\$ (265)	-	\$ 8,839	-	\$ 50,741	-
Net Asset Value per Share Held by Investor A	\$ 14.02	-	\$ 13.93	-	\$ 13.59	-
Investment per Share Held by Investor A (Assumed to be \$16.65 per Share on Shares Held Prior to Sale)	\$ 14.06	-	\$ 13.32	-	\$ 11.84	-
Dilution per Share Held by Investor A (Net Asset Value per Share Less Investment per Share)	\$ (0.04)	-	\$ 0.61	-	\$ 1.75	-
Percentage Dilution to Investor A (Dilution per Share Divided by Investment per Share)	-	-0.26%		4.57%		14.77%

Other Considerations

In reaching its recommendation to the shareholders of the Company to approve this Proposal, the Board of Directors considered the effect or the following factors:

- the costs and benefits of a Common Share offering below NAV compared to other possible means for raising capital or concluding not to raise capital;
- the size of a Common Share offering in relation to the number of Shares outstanding;
- the general condition of the securities markets; and
- any impact on operating expenses associated with an increase in capital.

The Board of Directors, including a majority of the non-interested directors who have no financial interest in this Proposal, concluded that the benefits to the shareholders from increasing our capital base outweighed any detriment, including dilution to existing shareholders.

Required Vote

The authorization of the Company to sell Common Shares at a price or prices below the Company's then current net asset value per share in one or multiple offerings will require the affirmative vote of (1) a majority of the outstanding Common Shares entitled to vote at the Meeting; and (2) a majority of the outstanding Common Shares entitled to vote at the Meeting that are not held by affiliated persons of us, which includes our officers, directors, employees and 5% shareholders. Because we are regulated as a BDC under the 1940 Act, the 1940 Act definition of "a majority of the outstanding shares" must be used for purposes of this proposal. Under the 1940 Act, "a majority of the outstanding shares" is defined as the lesser of: (i) 67% or more of the voting securities present at the Meeting if the holders of more than 50% of our outstanding voting securities are present or represented by proxy; or (ii) more than 50% of our outstanding voting securities. Abstentions and Broker Non-Votes will have the effect of a vote against this proposal.

THE BOARD BELIEVES THAT A VOTE "FOR" THE PROPOSAL TO AUTHORIZE THE COMPANY TO SELL SHARES OF ITS COMMON STOCK AT A PRICE OR PRICES BELOW THE COMPANY'S THEN CURRENT NET ASSET VALUE PER SHARE IN ONE OR MULTIPLE OFFERINGS AS DESCRIBED ABOVE IS IN THE BEST INTERESTS OF OUR SHAREHOLDERS AND RECOMMENDS A VOTE "FOR" THE PROPOSAL.

OTHER MATTERS

The Board of Directors is not aware of any business to come before the Meeting other than the matter described above in this Proxy Statement and matters incident to the conduct of the Meeting. Properly executed proxies in the accompanying form that have not been revoked confer discretionary authority on the persons named therein to vote at the direction of a majority of the Board of Directors on any other matters presented at the Meeting. Under SEC rules, if a shareholder does not notify the Company within a reasonable time before the date of this Proxy Statement of such shareholder's intent to present a proposal at the Meeting, the persons named in the accompanying proxy may exercise such discretionary voting authority if the proposal is raised at the Meeting, without any discussion of the matter in this Proxy Statement.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE MEETING TO BE HELD ON JULY 27, 2016

The Proxy Statement, the Proxy Card and the accompanying Notice of Special Meeting of Shareholders are available at the website:
<http://www.astproxyportal.com/ast/98633/>.

ADDITIONAL INFORMATION

We file quarterly and current reports, Proxy Statements and other information with the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may read and copy any reports, statements or other information we file at the SEC's Public Reference Room in Washington, D.C. 20549. Please call the SEC at (800) SEC-0330 for further information on the Public Reference Room. Our SEC filings are also available to the public from commercial document retrieval services and on the web site maintained by the SEC at www.sec.gov. Such information will also be furnished upon written request to Newtek Business Services Corp., 212 West 35th Street, 2nd floor, New York, New York 10001 (before June 13, 2016) or 1981 Marcus Avenue, Suite 130, Lake Success, New York 11042 (on or after June 13, 2016), Attention: Secretary, and can also be accessed through our website at www.thesba.com.

Once you have received notice from your broker or the Company that they or the Company will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding, please notify your broker if your shares are held in a brokerage account or the Company if you hold registered shares. You can notify the Company by sending a written request to Newtek Business Services Corp., 212 West 35th Street, 2nd floor, New York, New York 10001 (before June 13, 2016) or Newtek Business Services Corp., 1981 Marcus Avenue, Suite 130, Lake Success, New York 11042 (on or after June 13, 2016), Attention: Chief Legal Officer or call (212) 356-9500. Promptly upon receipt by us of such a request from a shareholder, separate proxy materials will be delivered to the requesting shareholder. Shareholders who currently receive multiple copies of the Proxy Statement at their addresses and would like to request "householding" of their communications should contact their brokers or the Company (if you hold registered shares).

CONFIDENTIALITY OF PROXIES

The Company's policy is that proxies identifying individual shareholders are private except as necessary to determine compliance with law, to assert or defend legal claims, in a contested proxy solicitation or in the event that a shareholder makes a written comment on a Proxy Card or an attachment to it.

COSTS OF PROXY SOLICITATIONS; SHAREHOLDER COMMUNICATIONS

The cost of solicitation of proxies will be borne by the Company. The Company will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy material to the beneficial owners of Common Shares. In addition to solicitations by mail, directors, officers and regular employees of the Company may solicit proxies personally, by telephone or by email without additional compensation.

Shareholders may send written communications to the Board of Directors to the attention of the Board of Directors, c/o Newtek Business Services Corp., 212 West 35th Street, 2nd floor, New York, New York 10001 (before June 13, 2016) or c/o Newtek Business Services Corp., 1981 Marcus Avenue, Suite 130, Lake Success, New York 11042 (on or after June 13, 2016). Shareholder communications must be signed by the shareholder and identify the number of Common Shares held by the shareholder. Each properly submitted shareholder communication will be provided to the Board of Directors at its next meeting or, if such communication requires more immediate attention, it will be forwarded to the Directors promptly after receipt.

SHAREHOLDER PROPOSALS

In order to be eligible for inclusion in the Proxy Statement and proxy relating to the 2017 Annual Meeting of Shareholders of the Company, which will be held on or about June 15, 2017, any shareholder proposal to take action at such meeting must be received by the Secretary of the Company at 212 West 35th Street, 2nd floor, New York, New York 10001 (before June 13, 2016) or 1981 Marcus Avenue, Suite 130, Lake Success, New York 11042 (on or after June 13, 2016) no later than February 3, 2017. Nothing in this paragraph shall be deemed to require the Company to include in its Proxy Statement and proxy relating to the 2016 Special Meeting of Shareholders, or to consider and vote upon at any such meeting, any shareholder proposal which does not meet all of the requirements established by the SEC or the Company's Restated Certificate of Incorporation or Bylaws in effect at the time such proposal is received.

By order of the Board of Directors,

Michael A. Schwartz, Secretary

NEWTEK BUSINESS SERVICES CORP.**SPECIAL MEETING OF SHAREHOLDERS**

July 27, 2016

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned stockholder of Newtek Business Services Corp. (the "Company") hereby appoints Barry Sloane and Michael A. Schwartz, or either of them, with full powers of substitution, as attorneys and proxies for the undersigned, to vote all Shares of the Company which the undersigned is entitled to vote at the Special Meeting of Stockholders, to be held at 2711 South Ocean Drive, Hollywood, FL 33019 on Wednesday, July 27, 2016 at 10:00 a.m., local time, and at any and all adjournments thereof, as indicated below and as determined by a majority of the Board of Directors with respect to such other matters as may come before the Special Meeting.

This proxy will be voted as directed, but if no instructions are specified, this proxy will be voted for the proposal. If any other business is presented at the Special Meeting as to which this proxy confers discretionary authority, this proxy will be voted by those named in this proxy as determined by a majority of the Board of Directors. At the present time, the Board of Directors knows of no other business to be presented at the Special Meeting.

(Continued and to be signed on the reverse side.)

SPECIAL MEETING OF SHAREHOLDERS OF NEWTEK BUSINESS SERVICES, INC.

July 27, 2016

PROXY VOTING INSTRUCTIONS

INTERNET - Access "www.voteproxy.com" and follow the on-screen instructions or scan the QR code with your smartphone. Have your proxy card available when you access the web page.



TELEPHONE - Call toll-free **1-800-PROXIES** (1-800-776-9437) in the United States or **1-718-921-8500** from foreign countries from any touch-tone telephone and follow the instructions. Have your proxy card available when you call.

Vote online/phone until 11:59 PM EST the day before the meeting.

MAIL - Sign, date and mail your proxy card in the envelope provided as soon as possible.

IN PERSON - You may vote your shares in person by attending the Special Meeting.

GO GREEN - e-Consent makes it easy to go paperless. With e-Consent, you can quickly access your proxy material, statements and other eligible documents online, while reducing costs, clutter and paper waste. Enroll today via www.amstock.com to enjoy online access.

COMPANY NUMBER	
ACCOUNT NUMBER	

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL:
The Notice of Special Meeting, Proxy Statement and Proxy Card are available at <http://www.astproxyportal.com/ast/98633/>

↓ Please detach along perforated line and mail in the envelope provided IF you are not voting via telephone or the Internet. ↓

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" PROPOSAL I.
PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE

1. To approve a proposal to authorize the Company to sell shares of its common stock, par value \$0.02 per share, at a price below the then current net asset value per share of such common stock in one or multiple offerings, subject to certain limitations described in the accompanying Proxy Statement (including that the number of shares sold on any given date does not exceed 20% of its then outstanding common stock immediately prior to each such sale).

FOR AGAINST ABSTAIN

Check here if you plan to attend the Special Meeting:

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

Signature of Shareholder _____ Date: _____ Signature of Shareholder _____ Date: _____

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

SPECIAL MEETING OF SHAREHOLDERS OF
NEWTEK BUSINESS SERVICES CORP.

July 27, 2016

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as possible.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" PROPOSAL 1.
PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE

1. To approve a proposal to authorize the Company to sell shares of its common stock, par value \$0.02 per share, at a price below the then current net asset value per share of such common stock in one or multiple offerings, subject to certain limitations described in the accompanying Proxy Statement (including that the number of shares sold on any given date does not exceed 20% of its then outstanding common stock immediately prior to each such sale).

FOR AGAINST ABSTAIN

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To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

Signature of Shareholder _____ Date: _____ Signature of Shareholder _____ Date: _____

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.