

Tax Status of Dividends and Distributions for 2015

The tax character of dividends and distributions paid by WhiteHorse Finance, Inc. (the "Company") during 2015 is set forth below. For tax purposes, the Company is a regulated investment company and is designating the tax character of dividends and distributions you receive as a stockholder for calendar 2015 in accordance with Subchapter M of the Internal Revenue Code of 1986, as amended ("IRC").

The amounts shown in the table below represent the final accounting of the Company's 2015 distributions. This information supersedes any estimated information you may have received previously. Calendar year 2015 dividends and distribution were classified as follows:

Record Date	Payment Date	Distribution Per Share(1)	Ordinary Dividends(2)	Long Term Capital Gains	Nondividend Distributions
December 19, 2014	January 2, 2015	\$0.355	94.046172%	0.000000%	5.953828%
March 20, 2015	April 3, 2015	\$0.355	94.046172%	0.000000%	5.953828%
June 19, 2015	July 2, 2015	\$0.355	94.046172%	0.000000%	5.953828%
September 21, 2015	October 2, 2015	\$0.355	94.046172%	0.000000%	5.953828%

(1) The Company declared a distribution of \$0.355 per share to stockholders of record as of December 19, 2014, which was paid on January 2, 2015. In accordance with IRC Section 852(b)(7), 100% is treated as a 2015 distribution.

The Company declared a distribution of \$0.355 per share to stockholders of record as of December 21, 2015, which was paid on January 4, 2016. In accordance with IRC Section 852(b)(7), 0% is treated as a 2015 distribution.

(2) The Company hereby notes that no portion of its dividend represents amounts eligible for treatment as qualified dividend income in accordance with IRC Section 854(b), nor is any portion of the dividend eligible for the dividends received deduction available to certain U.S. domestic corporations.

Dividends and distributions that were reinvested through the Company's Dividend Reinvestment Plan are treated, for tax purposes, as if they had been paid in cash. Therefore, stockholders who participate in the Dividend Reinvestment Plan should also refer to the above table.

This notice is not intended to constitute tax, legal, investment or other professional advice. Stockholders should be aware that tax treatment is subject to change by law in the future or retroactively. This is general information and should not be relied upon without consulting your tax advisor.

If you have any questions about the tax character of your dividends and distributions, please contact American Stock Transfer and Trust Company at 800-937-5449. You may also contact WhiteHorse Finance's Investor Relations Department directly at 305-381-6999.

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
WHITEHORSE FINANCE, INC.		45-4247759	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
WHITEHORSE FINANCE, INC.	305-381-6999	N/A	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
1450 BRICKELL AVENUE, FLOOR 31		MIAMI, FL 33131	
8 Date of action		9 Classification and description	
SEE ATTACHED		REGULATED INVESTMENT COMPANY SHARES - COMMON	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
SEE ATTACHED	N/A	WHF	N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ During the year ended December 31, 2015 shareholders in WhiteHorse Finance, Inc. received periodic distributions (see attached schedule). At the time of the distributions the Taxpayer estimated sufficient earnings and profits to support such distributions as taxable distributions. The Taxpayer finalized its estimated earnings and profits calculation on January 27, 2016 and at that time it was determined that a portion of each distribution should be characterized as a return of capital (see attached schedule for amounts). The Taxpayer has disclosed this information on Form 1099 for the year ended December 31, 2015).

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ The amounts shown as a return of capital in the attached schedule represent a reduction of the shareholders tax basis on shares held.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ At the close of the Taxpayer's fiscal year ended December 31, 2015, total earnings and profits were compared to the Taxpayer's fiscal year distributions to shareholders. Distributions in excess of earnings and profits reduce the shareholders' tax basis in applicable shares.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ _____
IRC Section 301(c)

18 Can any resulting loss be recognized? ▶ N/A

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ _____
See attached

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶ SIGNED COPY ON FILE WITH TAXPAYER Date ▶ _____

Paid Preparer Use Only	Print your name ▶	Preparer's signature	Title ▶	Check <input type="checkbox"/> if self-employed	PTIN
	Print/Type preparer's name		Date		
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no.	

WhiteHorse Finance, Inc.
Supplemental Attachment to Form 8937

Class: Common
Ticker: WHF

Record Date	Payment Date	Per Share Distribution	Ordinary Dividends	Long Term Capital Gains	Nondividend Distributions
12/19/14	01/02/15	\$ 0.355	94.046172%	0.000000%	5.953828%
03/20/15	04/03/15	\$ 0.355	94.046172%	0.000000%	5.953828%
06/19/15	07/02/15	\$ 0.355	94.046172%	0.000000%	5.953828%
09/21/15	10/02/15	\$ 0.355	94.046172%	0.000000%	5.953828%