

Tax Status of Dividends and Distributions for 2017

The tax character of dividends and distributions paid by WhiteHorse Finance, Inc. (the “Company”) during 2017 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 2017 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 2017 distributions. This information supersedes any estimated information you may have received previously. Calendar year 2017 dividends and distribution were classified as follows:

Record Date	Payment Date	Distribution Per Share ⁽¹⁾	Ordinary Dividends ⁽²⁾	Long Term Capital Gains	Non-dividend Distributions	Interest-Related Dividends ⁽³⁾	Taxable in 2017
December 20, 2016	January 3, 2017	\$0.355	100.0000%	0.0000%	0.0000%	100.0000%	84.5700%
March 27, 2017	April 3, 2017	\$0.355	86.8098%	13.1902%	0.0000%	86.8098%	100.0000%
June 19, 2017	July 6, 2017	\$0.355	100.0000%	0.0000%	0.0000%	100.0000%	100.0000%
September 18, 2017	October 3, 2017	\$0.355	100.0000%	0.0000%	0.0000%	100.0000%	100.0000%
December 18, 2017	January 2, 2018	\$0.355	100.0000%	0.0000%	0.0000%	100.0000%	2.5445%

⁽¹⁾ The Company declared a distribution of \$0.355 per share to stockholders of record as of December 20, 2016, which was paid on January 3, 2017. In accordance with IRC Section 852(b)(7), 15.43% was treated as a 2016 distribution. The remainder of this distribution, or 84.57% is reported on your 2017 Form 1099. The Company declared a distribution of \$0.355 per share to stockholders of record as of December 18, 2017, which was paid on January 2, 2018. In accordance with IRC Section 852(b)(7), 2.5445% is treated as a 2017 distribution. The remainder will be reported on your 2018 Form 1099.

⁽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.

⁽³⁾ The Company hereby designates the above percentages of each of the total dividends by payment date as Interest-Related dividends in accordance with IRC Section 871(k).

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.