

BEMIS CO INC
Form 424B2
July 20, 2009

Use these links to rapidly review the document

[Table of contents](#)
[TABLE OF CONTENTS](#)

[Table of Contents](#)

Filed Pursuant to Rule 424(b)(2)
Registration No. 333-160681

Subject to completion, dated July 20, 2009

The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these securities has been declared effective by the Securities and Exchange Commission. We are not using this preliminary prospectus supplement or the accompanying prospectus to offer to sell these securities or to solicit offers to buy these securities in any place where the offer or sale is not permitted.

Preliminary Prospectus Supplement
(To Prospectus dated July 20, 2009)

Bemis Company, Inc.

\$ _____ % Notes due 2014
Issue price:

\$ _____ % Notes due 2019
Issue price:

Interest payable and

We are offering \$ _____ principal amount of % notes due 2014 (the "2014 notes") and \$ _____ principal amount of % notes due 2019 (the "2019 notes", and together with the 2014 notes, the "notes").

We will pay interest on the notes on _____ and _____ of each year, beginning _____, 2010. The notes will be issued only in denominations of \$2,000 and integral multiples of \$1,000 above that amount.

We may redeem the notes, in whole or in part, at any time and from time to time prior to their maturity at the redemption prices as described under "Description of Notes Optional Redemption." If the events described under "Description of Notes Special Mandatory Redemption" occur, we must redeem all of the notes at the redemption price set forth therein. If we experience a change of control triggering event, we may be required to purchase the notes from holders at the applicable price as described under "Description of the Notes Change of Control Triggering Event."

Edgar Filing: BEMIS CO INC - Form 424B2

The notes will be unsecured and will rank equally with all of our other unsecured unsubordinated indebtedness from time to time outstanding.

See "Risk Factors" beginning on page S-15 for a discussion of certain risks that you should consider in connection with an investment in the notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Price to public(1)	Underwriting discounts and commissions	Proceeds, before expenses
Per 2014 Note		% \$	\$
Per 2019 Note		% \$	\$
Total		% \$	\$

(1)

Plus accrued interest, if any, from July , 2009, if settlement occurs after that date.

The notes will not be listed on any securities exchange. Currently, there are no public markets for the notes.

The underwriters expect to deliver the notes to purchasers through the book-entry delivery system of The Depository Trust Company for the benefit of its participants, including Euroclear Bank S.A./N.V. and Clearstream Banking société anonyme, on or about , 2009.

Joint Book-Running Managers

J.P. Morgan

BofA Merrill Lynch

BNP PARIBAS

Wells Fargo Securities

July , 2009

Table of contents

Prospectus Supplement

	Page
<u>About this Prospectus Supplement</u>	<u>S-1</u>
<u>Forward-Looking Statements</u>	<u>S-3</u>
<u>Non-GAAP Financial Measures and Reconciliation</u>	<u>S-4</u>
<u>Prospectus Supplement Summary</u>	<u>S-5</u>
<u>Risk Factors</u>	<u>S-15</u>
<u>Use of Proceeds</u>	<u>S-22</u>
<u>Consolidated Ratio of Earnings to Fixed Charges</u>	<u>S-23</u>
<u>Capitalization</u>	<u>S-24</u>
<u>Recent Developments</u>	<u>S-25</u>
<u>Business</u>	<u>S-31</u>
<u>Unaudited Pro Forma Condensed Combined Financial Information</u>	<u>S-38</u>
<u>Description of the Notes</u>	<u>S-47</u>
<u>Certain U.S. Federal Tax Consequences</u>	<u>S-54</u>
<u>Underwriting</u>	<u>S-60</u>
<u>Validity of the Notes</u>	<u>S-64</u>
<u>Experts</u>	<u>S-64</u>

Prospectus

<u>Cautionary Statement Pursuant to the Private Securities Litigation Reform Act of 1995</u>	<u>1</u>
<u>About this Prospectus</u>	<u>1</u>
<u>Bemis Company, Inc.</u>	<u>2</u>
<u>Consolidated Ratio of Earnings to Fixed Charges</u>	<u>3</u>
<u>Risk Factors</u>	<u>3</u>
<u>Use of Proceeds</u>	<u>3</u>
<u>Description of Debt Securities We May Offer</u>	<u>4</u>
<u>Description of Units We May Offer</u>	<u>15</u>
<u>Description of Preferred Stock We May Offer</u>	<u>16</u>
<u>Deposit Agreement</u>	<u>19</u>
<u>Description of Common Stock We May Offer</u>	<u>23</u>
<u>Legal Ownership and Book-Entry Issuance</u>	<u>25</u>
<u>Considerations Relating to Securities Issued in Bearer Form</u>	<u>31</u>
<u>Plan of Distribution</u>	<u>31</u>
<u>Validity of the Securities</u>	<u>33</u>
<u>Experts</u>	<u>33</u>
<u>Where You Can Find More Information</u>	<u>33</u>

Table of Contents

About this prospectus supplement

This document is in two parts. The first part is this prospectus supplement, which contains the terms of this offering of notes. The second part, the accompanying prospectus dated July 20, 2009, gives more general information, some of which may not apply to this offering.

This prospectus supplement and the information incorporated by reference in this prospectus supplement may add to, update or change the information in the accompanying prospectus. If information in this prospectus supplement is inconsistent with information in the accompanying prospectus, this prospectus supplement will apply and will supersede that information in the accompanying prospectus.

It is important for you to read and consider all information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information in the documents to which we have referred you in "Where You Can Find More Information" in the accompanying prospectus.

No person is authorized to give any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement or the accompanying prospectus and, if given or made, such information or representations must not be relied upon as having been authorized. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities described in this prospectus supplement or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus supplement and the accompanying prospectus, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in our affairs since the date of this prospectus supplement, or that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is correct as of any time subsequent to the date of such information.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in certain jurisdictions may be restricted by law. This prospectus supplement and the accompanying prospectus do not constitute an offer, or an invitation on our behalf or the underwriters or any of them, to subscribe to or purchase any of the notes, and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. See "Underwriting."

In this prospectus supplement, unless otherwise stated or the context otherwise requires, references to "we," "us," "our" and "Company" refer to Bemis Company, Inc. and its consolidated subsidiaries. If we use a capitalized term in this prospectus supplement and do not define the term in this document, it is defined in the accompanying prospectus.

Some of the market and industry data and forecasts included in this prospectus supplement are based on independent industry sources. Although we believe that these independent sources are reliable, we have not independently verified the accuracy and completeness of this information, nor have we independently verified the underlying economic assumptions relied

Table of Contents

upon in preparing any data or forecasts. In addition, statements in this prospectus supplement about the Alcan Packaging Food Americas business of Rio Tinto plc ("Rio Tinto") are made primarily on the basis of information furnished by management of Rio Tinto during negotiations regarding the sale of that business to us.

S-2

Table of Contents

Forward-looking statements

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein contain certain estimates, predictions, and other "forward-looking statements" (as defined in the Private Securities Litigation Reform Act of 1995, and within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended). Forward-looking statements are generally identified with the words "believe," "expect," "anticipate," "intend," "estimate," "target," "may," "will," "would," "plan," "project," "should," "continue," or the negative thereof or other similar expressions, or discussion of future goals or aspirations, which are predictions of or indicate future events and trends and which do not relate to historical matters. Such statements are based on information available to management as of the time of such statements and relate to, among other things, expectations of the business environment in which we operate, projections of future performance (financial and otherwise), including those of acquired companies, perceived opportunities in the market and statements regarding our mission and vision. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Factors that could cause actual results to differ from those expected include, but are not limited to, our ability to realize the expected benefits of our proposed acquisition of the Alcan Packaging Food Americas business of Rio Tinto; general economic conditions caused by inflation, interest rates, consumer confidence, rates of unemployment and foreign currency exchange rates; investment performance of assets in our pension plans; competitive conditions within our markets, including the acceptance of our new and existing products; customer contract bidding activity; threats or challenges to our patented or proprietary technologies; raw material costs, availability, and terms, particularly for polymer resins and adhesives; price changes for raw materials and our ability to pass these price changes on to our customers or otherwise manage commodity price fluctuation risks; unexpected energy surcharges; broad changes in customer order patterns; our ability to achieve expected cost savings associated with cost management initiatives; the presence of adequate cash available for investment in our business in order to maintain desired debt levels; a failure in our information technology infrastructure or applications; changes in governmental regulation, especially in the areas of environmental, health and safety matters, fiscal incentives, and foreign investment; unexpected outcomes in our current and future administrative and litigation proceedings; unexpected outcomes in our current and future tax proceedings; changes in domestic and international tax laws; costs associated with the pursuit of business combinations (pursuant to FAS No. 141(R)); changes in our labor relations; and the impact of changes in the world political environment including threatened or actual armed conflict. These and other risks, uncertainties, and assumptions identified from time to time in our filings with the Securities and Exchange Commission, including without limitation, our Annual Report on Form 10-K for the year ended December 31, 2008 (the "2008 10-K").

Table of Contents**Non-GAAP financial measures and reconciliation**

We define EBITDA as earnings before interest, taxes, depreciation, and amortization. We have included the EBITDA financial measure herein because we believe it is used by our investors as a supplemental financial measure to:

assess financial performance of our assets without regard to financing methods, capital structures or historical costs basis; and

compare the operating performance of our assets with the performance of other companies that have different financing and capital structures.

EBITDA should not be considered as an alternative to net income or income from continuing operations, operating income, cash flows from operating activities or any other measure of financial performance calculated and presented in accordance with Generally Accepted Accounting Principles ("GAAP"). The EBITDA measure that we present may not be comparable to EBITDA of other companies, because other companies may not calculate EBITDA in the same manner as we do.

Management believes that the presentation of EBITDA is useful because it provides a reliable and consistent approach to measuring the Company's performance from year to year and in assessing the Company's performance against other companies. Management believes that such information helps investors compare operating results and corporate performance exclusive of the impact of the Company's capital structure and the method by which assets were acquired. The following table reconciles EBITDA to net income, its most directly comparable financial measure calculated and presented in accordance with GAAP, for the periods indicated:

Reconciliation of EBITDA to net income

Financial measure (in millions)	Twelve Months Ended June 30, 2009
Net income	\$ 168
Income taxes	94
Interest expense	31
Depreciation and amortization	156
Earnings before interest taxes depreciation and amortization	\$ 449

Table of Contents

Prospectus supplement summary

This summary highlights selected information about us. It may not contain all of the information that may be important to you in deciding whether to invest in the notes. You should read this entire prospectus supplement and the accompanying prospectus, including our financial statements and related notes, together with the information incorporated by reference, before making an investment decision. Unless otherwise indicated, references to the "LTM Period" refer to the twelve month period ended June 30, 2009.

Our business

We believe we are the largest producer of flexible packaging in North and South America as measured by annual sales in 2008, with a focus on utilizing proprietary technologies to design and manufacture differentiated products that offer extended shelf life, product freshness and consumer appeal. More than half of our net sales have been to customers in the packaged food market segments that utilize our flexible packaging for a broad range of products throughout the grocery store, including packaging for bacon, hot dogs, cheese, candy, frozen foods, cereals, snacks, fresh produce, coffee, condiments, pet food, toilet tissue and baked goods. Our flexible packaging business also provides packaging for medical, pharmaceutical, lawn and garden, industrial, display and other end markets. In addition to flexible packaging, we produce pressure sensitive adhesive products that we sell to label converters and customers in graphic and technical markets. We serve a variety of customers, including leading worldwide food and consumer products companies, from 61 manufacturing facilities throughout North America, South America, Europe and Asia. The combination of our modern manufacturing facilities and our emphasis on technological improvements has enabled us to provide innovative products for over 150 years, allowing our customers to distinguish their products in the marketplace and grow their sales.

For the LTM Period, we generated net sales of \$3.6 billion and Earnings Before Interest Taxes Depreciation and Amortization ("EBITDA") of \$449 million. Over the past five calendar years, our net sales have grown at a compound annual rate of 7.5 percent. Approximately 35 percent of our net sales were outside North America in fiscal 2008.

On July 5, 2009, we agreed to acquire the Alcan Packaging Food Americas business of Rio Tinto for approximately \$1.2 billion (the "Acquisition"; see "Recent Developments" in this Prospectus Supplement Summary). Headquartered in Chicago, IL, Alcan Packaging Food Americas designs, manufactures and sells a broad range of specialty flexible packaging products through 23 manufacturing plants located throughout North America, South America and New Zealand. Alcan Packaging Food Americas generated 2008 net sales of \$1.5 billion.

Business segments

Our business activities are organized around two major business segments: flexible packaging and pressure sensitive materials.

Flexible packaging (83 percent of 2008 net sales; 88 percent of 2008 net sales pro forma for the Acquisition)

The Flexible Packaging business segment manufactures a broad range of products which are typically plastic-based and offer varying levels of technical sophistication depending on the

Table of Contents

specific needs of the application. We have a broad range of capabilities including polymer chemistry, film extrusion, coating and laminating, printing, and converting. More than half of our flexible packaging sales are derived from multilayer products which provide barrier protection from oxygen, moisture, light and high temperature packaging processes. These barrier properties improve product shelf life and preserve freshness. Our flexible packaging products include blown and cast stretch-film products, carton sealing tapes and application equipment, custom thermoformed plastic packaging, multi-wall paper bags, printed paper roll stock, and bag closing materials.

Our flexible packaging products serve a wide range of branded and private label food applications, including processed meat and cheese, liquids, frozen foods, cereals, snacks, fresh produce, coffee, condiments, candy, pet food and baked goods. Our non-food flexible packaging sales are to the medical, health and hygiene, industrial, lawn and garden, and pharmaceutical market segments.

Pressure sensitive materials (17 percent of 2008 net sales; 12 percent of 2008 net sales pro forma for the Acquisition)

The Pressure Sensitive Materials business segment manufactures adhesive coated paper and film substrates which are sold into three main markets:

Label markets Rolls of adhesive backed papers, films and metalized film printing substrates for package labeling, bar code labels and laser printing applications

Graphic markets Papers and films used principally for indoor and outdoor signage and vehicle graphic applications

Technical markets Engineered adhesive papers with specific performance characteristics for different industrial applications in the electronics, automotive, construction, medical and pharmaceutical markets

Industry overview

We compete in the global flexible packaging market and believe we are the largest producer of flexible packaging in North and South America as measured by 2008 sales. The majority of our net sales are derived from the North American market, which generated approximately \$26 billion in industry sales in 2007 according to the Flexible Packaging Association. Food represents the largest end market served by flexible packaging, accounting for over half of the total North American flexible packaging market in 2007.

The overall flexible packaging industry remains generally fragmented, with a large number of competitors serving various applications. Competition is largely based on service, innovation, quality and price.

Competitive strengths

Leading market positions. We believe we are the largest producer of flexible packaging in North and South America based on 2008 sales. We serve a broad array of product categories, including packaging for bacon, hot dogs, cheese, candy, frozen foods, cereals, snacks, fresh produce, coffee, condiments, pet food, toilet tissue and baked goods. In addition, we are also one of the largest suppliers of pressure sensitive materials globally. We have built these

Table of Contents

leadership positions by consistently offering customers a broad range of sophisticated, high-quality products. We intend to continue to provide innovative product solutions and strong quality and service to our customers.

Focus on strong end markets. We primarily serve the food market, which accounted for approximately 57 percent of our 2008 net sales, and on a pro forma basis after giving effect to the Acquisition would have accounted for approximately 70 percent of our net sales. Packaged food products tend to exhibit stable demand in recessionary environments, particularly as away-from-home food consumption declines. We have historically seen strong growth in our food packaging sales, as new products and applications have been introduced into the retail consumer market. We have also increased our sales to the medical and pharmaceutical markets, which have been strong growth avenues given aging population trends and the increasing number of applications where we can utilize our multi-layer flexible packaging capabilities.

Superior product design and development capabilities. We use our material science expertise to design and develop innovative packaging films that offer competitive performance attributes that we believe differentiate us from our competitors. We employ a team of research and development professionals who have years of experience working with chemical properties of specialty polymer resins and adhesives. We use polyethylene as well as a broad range of specialty resins and polymer formulations to produce unique packaging films. More than half of our products utilize innovative solutions developed through our modern research and development capabilities in recent years. Our product development capabilities enable us to capitalize on growth opportunities and continue to enhance our relationships with our customers.

Long-term relationships with a diverse group of established customers. We serve a broad base of customers throughout the world. Our customer base is comprised of regional and local food companies as well as established, global brand name food and consumer product companies. We have long-standing relationships with our top ten customers. In fiscal 2008, our top 10 customers collectively accounted for approximately 23 percent of our net sales, with no single customer representing more than 6 percent of net sales. More than half of our net sales are conducted under long-term customer contracts which provide for selling price adjustments in response to raw material price fluctuations. These long-term contracts, together with our ability to adjust selling prices in response to raw materials price increases for the remainder of our sales, mitigate our overall exposure to volatility in resin prices.

Strong, stable free cash flow. For the LTM period ended June 30, 2009 we generated \$433 million of operating cash flow, or 12.2 percent of our net sales, driven by cost controls and working capital management. Our free cash flow, defined as cash flow from operations less capital expenditures, has been driven by our resilient and growing end markets, modest capital expenditure requirements and focus on working capital management. We believe our manufacturing facilities are modern and maintained to very high operating standards. While we regularly invest in the growth of our business, particularly to develop manufacturing platforms for new products, our maintenance capital needs are limited. In 2009, we expect to spend \$100 - \$110 million in total capital expenditures compared to an average of \$161 million for 2005 through 2008. In 2007, we completed a multiyear capital expansion program to enhance our polyester platform and our medical device packaging capacity. Further, our ongoing implementation of our World Class Manufacturing program initiatives has focused on continuous improvements in operating efficiencies and levels of working capital. The stability

Table of Contents

of our strong cash flows is supported by our ability to consistently adjust selling prices to address increases in raw material costs, either through provisions in our customer contracts or according to typical industry practice.

Proven management team. We have an experienced and proven management team at both the executive and operating levels. Our Executive Chairman, CEO and CFO each have spent over 30 years at Bemis, and our overall management team has extensive manufacturing, technical, marketing and management experience. Over the past 10 years under this management team, Company sales with existing and new customers have grown, company-wide productivity has improved and the Company has acquired and integrated 10 businesses.

Our growth strategy

Focus on innovative packaging solutions to enhance sales

Utilizing our modern research and development capabilities, we intend to maintain our focus on the development of innovative packaging solutions to enhance our sales. We expect to continue to create product solutions that address specific customer and market needs. For example, our innovative solutions extend the shelf life of perishable or refrigerated products, protect food safety, and reduce the package weight compared to alternative packaging options, which addresses customer and retailer requirements for sustainability. We develop easy opening features for consumers that maintain the shelf life of the product and eliminate the need for scissors or knives for opening. Additionally, we continue to focus on medical and pharmaceutical end markets, which have experienced rapid growth in recent years, and we believe we can employ many of our existing food packaging technologies in these markets. For example, drug-coated medical devices require protection not only for sterility but shelf-life in order to maintain the potency of their drug coating.

The Acquisition will provide an entrance into several product segments and expand our market reach, including baby food, wet pet food, cookies and crackers, juice pouches and beverage labels.

Improve profitability through realization of acquisition synergies and continued emphasis on operational and manufacturing excellence

In connection with the Acquisition, we expect to generate \$65 million of annualized cost savings. (see "Recent Developments" in this Prospectus Supplement Summary).

In addition, we intend to improve our profitability through focusing on World Class Manufacturing program initiatives and implementing best practices across our facilities globally. In particular, we will continue to emphasize:

- improving output on our existing equipment;
- reducing waste;
- pursuing purchasing savings; and
- improving safety performance to reduce lost time and health care costs.

Table of Contents

We believe our ongoing focus on World Class Manufacturing program initiatives and best practices has the opportunity to yield significant savings beyond the synergies associated with the Acquisition.

Utilize free cash flow to reduce debt, grow and maximize returns on invested capital

Over the years we generated significant operating cash flow, which has enabled us to grow our business, maintain our investment grade credit profile and consistently return capital to shareholders through our dividend and opportunistic share repurchases. We expect the Acquisition to expand our product offerings and increase our free cash flow.

Recent developments

Pending acquisition of Alcan Packaging Food Americas

On July 5, 2009, we entered into a Sale and Purchase Agreement (the "Transaction Agreement") with Alcan Holdings Switzerland AG ("AHS") and Alcan Corporation ("Alcan" and together with AHS, the "Sellers"). Pursuant to the Transaction Agreement, the Company agreed to acquire (the "Acquisition") the food packaging business and certain related assets of Sellers located in the United States, Canada, Argentina, Brazil, Mexico and New Zealand (the "Food Packaging Business" d/b/a "Alcan Packaging Food Americas").

The Purchase Price for the Acquisition is approximately \$1.2 billion payable at closing, subject to certain adjustments at closing (the "Purchase Price"). We estimate approximately \$100 million of tax benefits to us related to the structuring of much of the transaction as a purchase of assets. Under the terms of our agreement, we have the option to pay up to \$200 million of the Purchase Price in Bemis common stock issued pursuant to an equity commitment agreement. The acquisition is expected to close by the end of 2009, subject to certain closing conditions as described in the Transaction Agreement.

Overview of Alcan Packaging Food Americas

Headquartered in Chicago, IL, Alcan Packaging Food Americas designs, manufactures and sells a broad range of specialty flexible packaging products through 23 manufacturing plants located throughout North America, South America and New Zealand. These manufacturing facilities are very modern and run with a focus on operational excellence. Alcan Packaging Food Americas offers customers a broad product portfolio with more than half of sales to the food market segments, including beverage, confectionary, meat and cheese, and dairy segments. Similar to our portfolio, most of Alcan Packaging Food Americas' products are film-based, utilizing multilayer formulations and barrier technology.

For calendar year 2008, Alcan Packaging Food Americas recorded revenue of \$1.5 billion.

Alcan Packaging Food Americas acquisition rationale

The acquisition of Alcan Packaging Food Americas provides several compelling benefits to us:

Enhances our focus on food packaging. On a pro forma basis, after giving effect to the Acquisition, our total net sales for 2008 would have been \$5.3 billion, and our flexible

Table of Contents

packaging net sales for 2008 would have been \$4.7 billion. On a pro forma basis after giving effect to the Acquisition, food and beverage packaging sales would increase to approximately 70 percent of our 2008 net sales as compared to 57 percent prior to the Acquisition. On a pro forma basis, after giving effect to the Acquisition, we would have had a total of over 20,000 employees and 84 modern manufacturing facilities in 2008. Alcan Packaging Food Americas is highly complementary to us in terms of products, customers and geographies. The increased breadth of our product portfolio will allow us to serve new end markets including baby food, wet pet food, cookies and crackers, juice pouches and beverage labels.

Presents significant synergy opportunities. We expect that the Acquisition would result in approximately \$65 million in annual pre-tax cost savings to us and that we would achieve this run-rate level by the end of the second year following the Acquisition. Our goal is to realize approximately half of the targeted synergies in the first year following the Acquisition. We expect that the synergies will be primarily realized in procurement, corporate and SG&A efficiencies, and supply chain management.

Expands our technological expertise. We believe that the Acquisition will expand our material science expertise to new areas including foil-based flexible packaging, dual ovenable crystallized polyethylene terephthalate, or CPET, trays for microwave and conventional cooking, and oriented polypropylene film labels. The combined technological platforms of Bemis and Alcan Packaging Food Americas will enhance our ability to serve our customers and provide opportunities for sales growth.

The closing of the Acquisition is subject to various conditions and regulatory approval. The acquisition is expected to close by the end of 2009. We cannot, however, provide any assurance whether or when the Acquisition will be consummated. Funding for the Acquisition is expected to come from a combination of the proceeds of this public debt offering, the issuance of common stock, the issuance of commercial paper, borrowings under new credit facilities (the "Acquisition Credit Facilities"), and available cash.

South American rigid packaging acquisition

On June 3, 2009, we announced that we acquired the South American rigid packaging operations of Huhtamaki Oyj, a global manufacturer of consumer and specialty packaging. This rigid packaging business, which includes three facilities in Brazil and one facility in Argentina, recorded annual net sales of approximately \$86 million in 2008, primarily to dairy and food service markets. The purchase price of \$43.0 million was paid with a combination of \$32.3 million cash on hand, \$1.9 million of debt assumed, and a \$8.8 million note payable to the seller. As of June 30, 2009, \$1.5 million remained outstanding on the note payable which is due May 31, 2010.

Corporate information

Bemis Company, Inc. is a Missouri corporation. Our principal executive offices are located at One Neenah Center, 4th Floor, Neenah, Wisconsin 54957, and the telephone number is (920) 727-4100. Our common stock is listed under the symbol "BMS" on the New York Stock Exchange.

Table of Contents**The offering**

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. For a more detailed description of the terms and conditions of the notes, see the section entitled "Description of Notes."

Issuer	Bemis Company, Inc.
Notes Offered	\$ _____ aggregate principal amount of _____ % Notes due 2014 and \$ _____ aggregate principal amount of _____ % Notes due 2019.
Maturity	The 2014 notes will mature on July _____, 2014. The 2019 notes will mature on July _____, 2019.
Further Issuances	We may create and issue additional notes ranking equally and ratably with the notes in all respects, so that such additional notes shall be consolidated and form a single series with the notes, including for purposes of voting and redemptions.
Interest	_____ % per year for the 2014 notes and _____ % per year for the 2019 notes
Interest Payment Dates	_____ and _____ of each year, commencing _____, 2010.
Ranking	<p>The notes:</p> <ul style="list-style-type: none"> are unsecured; rank equally with all our existing and future unsecured and unsubordinated debt; are senior to any future subordinated debt; and are effectively subordinated to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness. <p>As of June 30, 2009, we had indebtedness of approximately \$592 million (excluding intercompany liabilities) that ranks equally with the notes.</p> <p>The notes are not guaranteed by any of our subsidiaries and will therefore be structurally subordinated to all existing and future indebtedness and other obligations, including trade payables, of our subsidiaries. As of June 30, 2009, our subsidiaries had approximately \$631 million of liabilities (excluding intercompany liabilities).</p>

Edgar Filing: BEMIS CO INC - Form 424B2

Table of Contents

Optional Redemption	We may redeem, at our option, at any time and from time to time prior to maturity, any or all of the notes of each series, in whole or in part as described in the section entitled "Description of the Notes Optional Redemption."
Special Mandatory Redemption	If we do not consummate the Acquisition on or prior to March 31, 2010 or the purchase agreement related to the Acquisition is terminated at any time on or prior to that date, we must redeem the notes at a redemption price equal to 101% of the aggregate principal amount of the notes, plus accrued and unpaid interest to the redemption date. See "Description of the Notes Special Mandatory Redemption."
Change of Control Triggering Event	Upon a Change of Control Triggering Event (as defined in "Description of the Notes Change of Control Triggering Event"), you will have the right to require us to repurchase your notes at a repurchase price equal to 101% of the principal amount of the notes repurchased, plus accrued and unpaid interest, as described under "Description of the Notes Change of Control Triggering Event."
Covenants	<p>The indenture under which the notes will be issued contains covenants for your benefit. These covenants restrict our ability, with certain exceptions, to:</p> <ul style="list-style-type: none">incur debt secured by liens;engage in sale/leaseback transactions; ormerge or consolidate with another entity.
Form and Denomination	The notes will be issued only in fully registered form without coupons, in denominations of \$2,000 and integral multiples of \$1,000 above that amount.
Use of Proceeds	<p>We anticipate that we will receive approximately \$ million in net proceeds from the offering of the notes, after deducting underwriting discounts and commissions and other estimated expenses of the offering.</p> <p>The net proceeds from the sale of the notes will be used to fund a portion of the cash consideration payable in connection with the Acquisition. This offering is not conditioned on the closing of the Acquisition and there can be no assurance that the Acquisition will be consummated. The notes offered hereby will be subject to mandatory redemption if the Acquisition is not consummated. See "Description of the Notes Special Mandatory Redemption."</p>

S-12

Table of Contents

We expect that the total cash consideration payable in connection with the Acquisition will be approximately \$1.2 billion. In addition to the net proceeds from this offering, we expect to use proceeds from the issuance of common stock, the issuance of commercial paper, borrowings under the Acquisition Credit Facilities, and available cash to fund the consideration payable in connection with the Acquisition.

Pursuant to a commitment letter, the commitments by JPMorgan Chase Bank, N.A., Bank of America, N.A., BNP Paribas and Wells Fargo Bank, National Association, affiliates of the joint book-running managing underwriters, will be ratably reduced by any amount that would require mandatory prepayment by us under a draft term loan agreement attached to the commitment letter, which specifically includes the net cash proceeds of any debt incurred through any public offering of debt securities. Therefore, the commitments will be ratably reduced by the net cash proceeds received by us from this offering of notes.

Risk Factors

See "Risk Factors" and other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should consider carefully before investing in the notes.

S-13

Table of Contents**Summary historical and pro forma financial data**

The table below presents Bemis Company, Inc. historical financial information as well as pro forma financial information for the Acquisition. See "Unaudited Condensed Combined Financial Statements" for details regarding the pro forma financial information.

(dollars in millions, except per share amounts)

	Three months ended			
	March 31, Years ended December 31			
	2009	2008	2008	2007
Expenses	\$843.4	\$947.3	\$3,779.4	\$3,649.4
	778.8	869.8	3,471.5	3,309.4
	6.0	9.0	39.4	50.0
	58.6	68.5	268.5	289.4
	21.3	24.8	96.3	104.0
	37.3	43.7	172.2	185.0
Noncontrolling interests	0.6	1.4	6.0	3.0
Bemis Company, Inc.	\$ 36.7	\$ 42.3	\$ 166.2	\$ 181.0
	\$ 0.36	\$ 0.41	\$ 1.61	\$ 1.70

Table of Contents

Managed technology solutions segment, provides website hosting, dedicated server hosting, cloud web design and development, internet marketing, e-commerce, data storage and backup, and other services to more than 124,000 customer accounts in 105 countries. For the six months ended June 30, 2013, NTS generated \$8.2 million of revenue and \$1.7 million of income before taxes. For the year ended June 30, 2013, NTS generated \$17.6 million of revenue and \$3.6 million of income before income taxes. For the year ended December 31, 2012, it generated \$18.2 million of revenue and \$4.3 million of income before income taxes.

NTS operates as a retail and wholesale agency specializing in the sale of commercial and health/benefits lines of insurance products to the SMB market as well as various personal lines of insurance. It is licensed in all 50 states.

NTS provides an array of industry standard and competitively priced payroll management, payment and tax services to SMBs.

ch does business as Newtek Business Credit (NBC) and is a portion of our small business finance offers traditional factoring and receivables purchase services to SMBs as well as back office services ling and cash collections.

es combined with our lending platform provide us with a network of business relationships that options and further establishes us as a one-stop-shop for SMBs.

portfolio companies generate, after deducting operational expenses, may be distributed to us. As a quarterly the fair value of our controlled portfolio companies in a similar manner as our other investments in our controlled portfolio companies are valued using a valuation methodology that roach (public comparable company analysis) and the income approach (discounted cash flow roaches, factors that we may take into account in fair value pricing our investments include, as t data, including relevant and applicable market trading comparables, the portfolio company s ws, comparisons of financial ratios of peer companies that are public, and enterprise values, among e of 2013, Newtek NY engaged a third party valuation firm to provide valuation consulting services S.

valuation of NMS was approximately \$45.7 million, which represents an enterprise value to LTM our estimated valuation of NTS was approximately \$21.6 million, which represents an enterprise of 3.75x. Such valuations and multiples reflect our current estimates and final valuations were

line of products and services to offer a full service suite of business and financial solutions for the tential customers through its integrated multi-channel approach featuring direct, indirect and direct hough we continue to utilize and grow our primary marketing channel of strategic alliance partners, h our intent to elect to be regulated as a BDC, we have initiated a direct marketing strategy to SMB o market brand, *The Small Business Authority*. Through a coordinated radio and television d this brand, and our web presence, www.thesba.com, we are establishing ourselves as a preferred e services offered by our controlled portfolio companies. In addition, we supplement these efforts Newtek NY as the real authority on small businesses. We have developed the SB Authority Index®, index of small business activity which we prepare and release monthly and which has appeared in o conduct a Market Sentiment Survey each month on a topic which is or should be of vital concern to e results each month. Finally, we are an approved contributor to the

Recently post content relevant to the SMB and wider business markets and our Chief Executive Officer business related TV programs on the Fox, Fox Business News, CNN, CNBC and MSNBC networks.

Referrals from our strategic alliance partners such as AIG, Credit Union National Association, EInsure, General Motors Minority Dealers Association, Iberia Bank, Legacy Bank, Morgan Stanley Smith Barney, New York Community Bank, Pershing, Sterling National Bank and UBS Bank, among others, (NewTracker[®] referral management system) as well as direct referrals from our new web presence, NewTracker[®] referral system has a software application patent covering the systems and methods for tracking, analyzing activities and transactions in association with referral data and related information for a variety of applications in a business to business environment. This provides for security and transparency between referring and referred parties, our ability to obtain referrals from a wide variety of sources. This patented system allows us and our partners to track in real time the status of any referral as well as to provide real time compliance oversight by the respective parties. This creates confidence among the referred business client, the referring alliance partner and us. We also own and control all trademarks and other patented intellectual property used by us or our controlled portfolio

Referrals from individual professionals in geographic markets that have signed up to provide referrals and referrals through our BizExec and TechExec Programs. These individuals are traditionally information technology professionals, insurance agents and sales and/or marketing professionals. In addition, electronic payment processing services are provided through independent sales representatives and web technology and ecommerce services are provided through marketing and third-party resellers. A common thread across all our business lines and of our strategy is to acquire customers at low cost and making strategic alliances primarily where we only pay for referrals. We seek to bundle our marketing efforts through our brand, our portal, our patented NewTracker[®] referral management system as *The Small Business Authority*[®] and one easy entry point of contact. We expect that this strategy will allow us to cross-sell the financing services of our small business finance platform to customers of our referral network and build upon our extensive deal sourcing infrastructure. The compensation which we pay for referrals is based on industry practices.

General Income Tax Consequences of the Reincorporation Transaction

If the Reincorporation Transaction is approved and effectuated, we intend to file an election to be regulated as a BDC under the 1940 Investment Company Act, an internally managed, non-diversified closed-end investment company. We also intend to elect to be regulated as a RIC under M of the Code for U.S. federal income tax purposes beginning with our 2015 taxable year, which is the first taxable year as after our election to be a BDC. As a RIC, we generally will not have to pay corporate-level taxes on our ordinary income or capital gains that we distribute to our stockholders. We will be taxed as a regular corporation under subchapter C of the Code for U.S. federal income tax purposes for our 2014 taxable year. We intend to make the Reincorporation Transaction and make the BDC Election unless our shareholders approve this Proposal I.

This summary describes certain U.S. federal income tax consequences relating to the Reincorporation Transaction as of the date of this prospectus. Except where noted, this summary deals only with a stockholder who holds common stock

U.S. holder means a beneficial owner of common stock who is any of the following for U.S. federal income tax purposes: (1) an individual who is a citizen or resident of the United States, (2) a corporation (or any other entity or arrangement treated as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States, any state thereof, or the District of Columbia, or the income of

income taxation regardless of its source or (4) a trust if (a) its administration is subject to the primary United States and one or more U.S. persons have the authority to control all of its substantial portion in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

classified as a partnership for U.S. federal income tax purposes) is the beneficial owner of common stock. The tax treatment of a partner in the partnership will generally depend on the status of the partner and the partnerships that hold common stock, and partners in such partnerships, should consult their own tax advisor for the tax consequences of the Reincorporation.

Provisions of the Code, and regulations, rulings and judicial decisions as of the date of this Proxy Statement. Recent developments in U.S. federal income tax law, including changes in law or differing interpretations, could result in U.S. federal income tax considerations different from those described herein. This summary does not represent a detailed description of the U.S. federal income tax consequences to a stockholder in its particular circumstances. In addition, it does not represent a description of the U.S. federal income tax consequences applicable to stockholders who are subject to special tax rules, such as: financial institutions; investment trusts; regulated investment companies; grantor trusts; tax-exempt organizations; dealers in securities; stockholders who hold common stock as part of a position in a straddle or as part of a hedging strategy; stockholders for U.S. federal income tax purposes or U.S. holders that have a functional currency other than the U.S. dollar; stockholders who actually or constructively own 10% or more of our Company's voting stock; or a non-U.S. holder of a controlled foreign corporation or passive foreign investment company. Moreover, this description does not address the gift tax, alternative minimum tax or other tax consequences of the Reincorporation Transaction.

The Reincorporation Transaction pursuant to the Merger Agreement will be a tax-free reorganization under Section 368. Accordingly, a U.S. holder of common stock (a "U.S. Holder") will not recognize gain or loss in respect of such stock as a result of the Reincorporation Transaction. The U.S. Holder's basis in a BDC Share will be the same as the basis in the corresponding Share held immediately prior to the Reincorporation Transaction. The U.S. Holder's BDC Share will include the period during which the U.S. Holder held the corresponding share prior to the Reincorporation Transaction, provided the U.S. Holder held the corresponding share as a capital asset at the time of the Reincorporation Transaction. In addition, neither Newtek NY or Newtek MD will recognize gain or loss as a result of the Reincorporation Transaction. Newtek MD will generally succeed, without adjustment, to the tax attributes of the Newtek NY.

The Company expects to receive prior to the Special Meeting, an opinion of counsel with respect to the federal income tax consequences of the Reincorporation under the Code. This summary is not binding on the IRS and there can be no assurance that, in the event of an IRS challenge) will agree with the conclusions stated herein. A successful IRS challenge to the status of the Reincorporation Transaction would result in a stockholder recognizing gain or loss with respect to such stock in the Reincorporation Transaction equal to the difference between the stockholder's basis in such stock as of the time of the Reincorporation Transaction, of the BDC Shares received in exchange therefor. The stockholder's aggregate basis in the BDC Shares received in the exchange would equal their fair market value on the date of the Reincorporation Transaction. The stockholder's holding period for such shares would not include the period during which the stockholder held shares in the Company prior to the Reincorporation Transaction.

The tax consequences to stockholders may vary from the federal tax consequences described above. Stockholders should consult their own tax advisors as to the effect of the Reincorporation Transaction under applicable federal, state, and local law.

Summary Risk Factors

Transaction

and subsequent operation as a BDC involves others risks, including the following:

our history we have never operated as a BDC.

upon our senior lending team and our executive committee for our future success and if we are in qualified personnel or if we lose any member of our senior lending team or our executive to achieve our investment objective could be significantly harmed.

highly competitive market for investment opportunities.

company diversification, which may subject us to a risk of significant loss if one or more of these its obligations under any of its debt instruments.

concentrated in a limited number of industries, which may subject us to a risk of significant loss if a particular industry in which a number of our investments are concentrated.

our investment objective, operating policies and strategies without prior notice or stockholder of which may be adverse.

business involves a high degree of risk, and our financial results may be affected adversely significant portfolio investments defaults on its loans or fails to perform as we expect.

our investments may adversely affect our business.

in the capital markets and the credit markets could impair our ability to raise capital and business.

y, which would magnify the potential for loss on amounts invested and may increase the risk of

g additional capital may expose us to risks, including the typical risks associated with leverage as raise such funds when needed.

ntly as to the value of our portfolio investments.

uctuations in our quarterly and annual results.

orporate-level income tax on all of our income if we are unable to qualify as a RIC under the Code,
aterial adverse effect on our financial performance.

our operation as a BDC will affect our ability to raise additional capital and the way in which we

DC Shares may decline below our net asset value per share.

ce may be volatile and may decrease substantially.

pay distributions, our distributions may not grow over time and a portion of our distributions may

ounts of our common stock in the public market may have an adverse effect on the market price of

with the requirements imposed on us by the 1940 Act could cause the SEC to bring an enforcement
s to claims of private litigants. In addition, upon approval of a majority of our stockholders, we may
BDC. If we decide to

otherwise fail to qualify, or maintain our qualification, as a BDC, we may be subject to the
under the 1940 Act as a closed-end investment company. Compliance with such regulations would
ing flexibility, and could significantly increase our costs of doing business.

ction, Newtek MD will remain subject to the risks inherent to Newtek NY's operations. See Risk
on.

generally

on our ability to compete effectively in the highly competitive and highly regulated industries in

upon our ability to enforce and maintain our intellectual property rights.

d on our ability to attract and retain key personnel and any loss of ability to attract these personnel
us.

d upon the ability to utilize the Internet for the conduct of a significant portion of their business;
em could make it impossible for them to continue to conduct their current businesses.

on our ability to use effectively our electronic referral and information processing systems.

Payment Processing Business

ponsor, which has substantial discretion with respect to certain elements of our business practices,
bankcard transactions. If the sponsorship is terminated, and we are not able to secure or transfer the
portfolio to a new bank sponsor or sponsors, the business, financial condition, results of operations
ronic payment processing business could be materially adversely affected. If the sponsorship is
e not able to secure or transfer the merchant portfolios to new bank sponsors, we will not be able to
payment processing business. We also rely on service providers who are critical to our business.

ors or bank sponsors fail to adhere to the standards of the Visa® and MasterCard® bankcard
trations with these associations could be terminated and we could be required to stop providing
ervices for Visa® and MasterCard®.

periences increases in interchange and sponsorship fees. If we cannot pass along these increases to
ofit margins will be reduced.

re of merchant or cardholder data, whether through breach of our computer systems or otherwise, liability and business losses.

rocessing merchants refuse or cannot reimburse charge-backs resolved in favor of their customers.

liability for customer or merchant fraud.

ing systems may fail due to factors beyond our control, which could interrupt our business or cause likely increase our costs.

interrupted operations of our computer network systems, software and our processors' data centers. ns or damage to them due to factors beyond our control could cause severe disruption to our material adverse effects on our payment processing businesses.

f Website Hosting

ly competitive industry in which technological change can be rapid.

usiness depends on the efficient and uninterrupted operation of its computer and communications infrastructure.

ain the integrity of our infrastructure and the privacy of confidential information would materially

on Microsoft Corporation and others for the licenses to use software as well as other intellectual e hosting business.

ness Finance Businesses

financing.

associated with Small Business Administration (SBA) loans.

overnment-guaranteed loan programs could cut off an important segment of our business.

rforming assets would reduce our income and increase our expenses.

y affected by weakness in the residential housing and commercial real estate markets.

Agency Business

rties, particularly property and casualty insurance companies, to supply the products marketed by

ith government regulations, our insurance agency business could be adversely affected.

ontrol over the commissions our insurance agency expects to earn on the sale of insurance products emiums and commission rates set by insurers and the conditions prevalent in the insurance market.

rocessing Business

re of employee data, whether through breach of our computer systems or otherwise, could
and business losses.

subject to disruptions that could adversely affect our business and reputation.

technology to meet client needs and preferences, the demand for our services may diminish.

could incur unreimbursed costs or damages due to delays in processing inherent in the banking

iness

and the tax credits they provide are created by state legislation and implemented through
laws and rules are subject to possible action to repeal or retroactively revise the programs
or other reasons. Such an attempted repeal or revision would create substantial difficulty
as and could, if ultimately successful, cause us material financial harm.

re subject to requirements under state law, a failure of any of them to meet these requirements could
our stockholders to the loss of one or more Capcos.

shares

isted.

penny stock rules to our common shares if we are no longer listed on the NASDAQ Capital Market
and liquidity of the common shares, adversely affect the market price of our common shares and
on costs to sell those shares.

ers, one a current and one a former executive officer, beneficially own in the aggregate
our common shares, and are able to exercise significant influence over the outcome of most

r common shares or other securities, including preferred shares, may dilute the per share book value
or have other adverse consequences to our common stockholders.

issuance of blank check preferred shares could have an anti-takeover effect detrimental to the
olders.

publicly-held company that sponsors and operates Capcos as a material part of its business. As such,
ledge, no other companies against which investors may compare our Capco business segment, and
of operations and financial and accounting structures.

ficate of incorporation and New York law place restrictions on our stockholders ability to recover
breaches of their duties.

fective internal controls over financial reporting may lead investors and others to lose confidence in

Comparative Fees and Expenses

l to assist you in understanding the costs and expenses that an investor in the common stock of
rs directly or indirectly and Newtek MD's costs and expenses that are expected to be incurred in the
orporation Transaction based on the expenses incurred during the fiscal year ended December 31, 2013,
orporation Transaction. The cost of the Reincorporation Transaction will be borne by the
k NY and Newtek MD caution you that some of the percentages indicated in the table below are
where the context suggests otherwise, whenever this document contains a reference to fees or
you, Newtek NY or Newtek MD, stockholders will indirectly bear such fees or expenses as investors
s applicable. Newtek MD and Newtek NY caution you that some of the percentages indicated in the

y vary.

	Newtek MD(1)	Newtek NY	Newtek MD Pro Forma(2)
on expenses (as a percentage			
ewtek NY	(2)	(2)	(2)
ne by Newtek MD and	0.84%(2)	(2)	(2)
t plan expenses	(4)		
saction expenses paid by ewtek NY	0.84%		

	Newtek MD	Newtek NY	Newtek MD Pro Forma(2)
expenses (as a percentage of to common shares):(5)(6)		162.91%	31.04%
Borrowed funds(7)		7.61%	6.63%
	[]	0.00%	0.00%
(estimated)(9)(10)		170.52%	37.67%

hell corporation.

Common stock of Newtek MD or Newtek NY on the secondary market are not subject to sales to brokerage commissions or other charges. The table does not include any sales load (commission) that stockholders may have paid in connection with their purchase of shares of common stock.

Newtek MD and Newtek NY includes the costs associated with the Reincorporation of \$16,000. Such costs will be borne by the Company's shareholders.

and reinvestment plan are included in other expenses.

attributable to common stock equals stockholders' equity at 12/31/13. For Pro Forma Combined, the Pro Forma Newtek MD Combined as of 12/31/13 was used from the pro forma information beginning

an investment adviser and will be internally managed by its management team under the supervision of Newtek MD will pay operating costs associated with employing a management team and investment advisory fees. As a result, the estimate of the annual expenses Newtek MD incurs in payment of such employees is included in the line item Other expenses.

Borrowed Funds represents estimated interest and fee payments on borrowed funds for our actual interest, including expenses incurred for the year ended December 31, 2013, including our Credit Facility, bank notes payable.

(million) are based upon estimates of the twelve months following the Proposed Offering, and Administrative expenses that are not included in Operating expenses.

results from the deconsolidation of a number of Newtek NY's wholly-owned subsidiaries, which will be consolidated portfolio companies. Such portfolio companies are stand alone operating entities that will continue their operations and employees.

as a percentage of consolidated net assets attributable to common stock are higher than the total annual expenses for a company that is not leveraged. Newtek NY borrows and Newtek MD plans to borrow to increase their total assets. The SEC requires that the Total annual expenses percentage be calculated as a percentage of total assets less indebtedness and before taking into account any incentive fees payable on the total assets, including assets that have been funded with borrowed monies.

to help an investor compare the costs of investing in Newtek MD pro forma after the Reincorporation Transaction with the costs of investing in Newtek NY without the Reincorporation Transaction. An investor would assume a \$1,000 investment, assuming (1) the operating expense ratio for each of Newtek NY and Newtek MD attributable to shares of common stock set forth in the table above and (2) on a 5% annual return

	1 year	3 years	5 years	10 years
Following expenses on a \$1,000 investment, in:				
	\$	\$	\$	\$
	\$ 1,705	\$ 1,790	\$ 1,880	\$ 1,974
any following the merger	\$ 377	\$ 396	\$ 415	\$ 436

Election or take action on any other proposal included in this proxy statement, other than holders approve this Proposal I and each of the other

Board of Directors does not reserve any additional rights to effectuate the BDC Election.

will be reduced on a per share basis as a result of the Reincorporation Transaction. Upon effectuating Newtek NY's wholly-owned subsidiaries will be treated as Newtek MD's portfolio companies. As a result, financial statements will no longer be consolidated with the Company. Rather, the portfolio companies will prepare their own financial statements. Each such portfolio company is an operating company with its own expenses. As the costs associated with these portfolio companies will no longer be consolidated into the Company's financial statements, its fixed expenses will be reduced.

Reincorporation Transaction will require the affirmative vote of a majority of the outstanding Shares entitled to vote. Abstentions and Broker Non-Votes will have the effect of a vote against this proposal.

AT A VOTE FOR PROPOSAL I TO APPROVE THE REINCORPORATION AS DESCRIBED ABOVE IS IN THE BEST INTERESTS OF OUR STOCKHOLDERS AND RECOMMENDS A VOTE FOR PROPOSAL I.

RECOMMENDATION OF THE REVERSE STOCK SPLIT

The Reverse Stock Split to be implemented prior to the Reincorporation Transaction pursuant to which a number of shares ranging from not less than four and one-half shares and no greater than six and one-half shares will be issued for each share of common stock, with the exact ratio between 4.5:1 and 6.5:1 to be determined by the Board (the "Reverse Stock Split"). We believe that it is in our best interests to undertake the Reverse Stock Split in order to increase the trading price of our shares on the NYSE/NASDAQ Capital Market. Our Board believes that such an increased trading price will make our shares more attractive to investors, which will improve our ability to raise additional capital in connection with and in support of the BDC Election discussed in Proposal I. In addition, we expect our stockholders will also benefit from the issuance of higher priced shares and the greater liquidity of the shares which is likely to result. For additional information, see the section titled "Reverse Stock Split" in the Prospectus Supplement. Approval of the Reverse Stock Split.

Reverse Stock Split UNLESS stockholders approve this Proposal II and each of the other proposals described in this Prospectus Supplement, including Proposal V.

Reverse Stock Split requires the affirmative vote of a majority of the outstanding Shares entitled to vote at the meeting. Abstentions and Broker Non-Votes will have the effect of a vote against this proposal.

AT A VOTE FOR PROPOSAL II TO APPROVE THE REVERSE STOCK SPLIT AS DESCRIBED ABOVE IS IN THE BEST INTERESTS OF OUR STOCKHOLDERS AND RECOMMENDS A VOTE FOR PROPOSAL II.

RECOMMENDATION TO SELL SHARES OF COMMON STOCK AT A PRICE OR PRICES BELOW THE CURRENT NET ASSET VALUE PER SHARE IN ONE OR MORE OFFERINGS

Proposal I, as well as all other Proposals herein, we intend to effectuate the Reverse Stock Split, make the BDC Election and undertake the Proposed Offering.

not sell shares of its common stock at a price below the then current net asset value per share of sales compensation, unless its stockholders approve such a sale and the company's board of directors is not possible to predict whether our BDC Shares will trade at a price above or below their NAV on the Proposed Offering. **We will not sell any BDC Shares pursuant to this Proposal III UNLESS our stockholders approve this Proposal III and each of the other proposals set forth herein other than Proposal V.**

of our stockholders so that, subsequent to effectuating the Reincorporation Transaction and BDC Shares, the Company may, in connection with public or private offerings, sell or otherwise issue BDC Shares at a price below our then current net asset value per share as discussed below, including that our then current NAV is not diluted by an amount greater than the amount of the offering. Providing the flexibility to sell our common stock below NAV in certain instances is in the best interests of our stockholders. Such flexibility will improve our ability, subsequent to the BDC Election, to undertake the Proposed Offering described in Proposal I. Subsequent to effectuating the BDC Election, flexibility to sell our common stock at a price below NAV will provide us with better access to the capital markets as attractive investment opportunities arise, and improve our ability to pay dividends to stockholders. Generally, common stock offerings by BDCs are priced based on the then current net asset value per share of outstanding shares, less a small discount of approximately 5% (which may be higher or lower than 5%). Accordingly, even when BDC Shares trade at a market price below NAV, this Proposal III would authorize the Company to sell shares of its common stock in accordance with pricing standards that market conditions may require under the conditions described below. If approved, as required under the 1940 Act, the authorization would be effective for a period beginning on the date of such stockholder approval and expiring on the earlier of the date of the Special Meeting or the date of the Company's 2015 Annual Meeting of Stockholders.

The Company has no immediate plans to sell BDC Shares below NAV. However, it is seeking to authorize the Company to sell such offerings in order to maintain access to the markets if the Company determines it should sell BDC Shares. Such sales typically must be undertaken quickly. The final terms of any such sale will be determined by the Company. Other than the Proposed Offering, as discussed herein, it is impracticable to describe the transaction or the terms of any such sale that would be sold at a price below NAV. Instead, any transaction where the Company sells such shares, the Company will receive a certain amount of consideration that would be received by the Company at the time of sale and the use of any such proceeds will be determined and approved by the Board at the time of sale. Subject to the condition that our then current NAV is at least 25% of the then current net asset value per share, there will be no limit on the percentage below NAV at which shares may be sold in connection with the Proposed Offering under this Proposal III. If this Proposal III is approved, no further authorization from the stockholders will be required to sell shares in accordance with the terms of this Proposal III. For additional information, see Proposal III and the accompanying Proxy Statement. NAV.

we will not sell any BDC Shares pursuant to this Proposal III UNLESS our stockholders approve this Proposal III and each of the other proposals set forth herein other than Proposal V.

to sell BDC Shares at a price or prices below the Company's then current net asset value per share will require the affirmative vote of (1) a majority of the outstanding Shares entitled to vote at the Special Meeting of the Company, and (2) a majority of the outstanding Shares entitled to vote at the Special Meeting that are not held by affiliated persons of the Company, including directors, employees and 5% shareholders. Because we intend to elect to be regulated as a BDC under the 1940 Act, the definition of "a majority of the outstanding shares" must be used for purposes of this proposal. The affirmative vote of the outstanding shares shall be: (1) 67% or more of the voting securities present at the Special Meeting if the affirmative vote of the outstanding voting securities of such company are present or represented by proxy; or (2) 50% of the outstanding voting securities of the company, whichever is the less. Abstentions and Broker Non-Votes will have the effect of

AT A VOTE FOR PROPOSAL III TO AUTHORIZE THE COMPANY TO SELL SHARES AT A PRICE OR PRICES BELOW THE COMPANY'S THEN CURRENT NET ASSET OR MORE OFFERINGS AS DESCRIBED ABOVE IS IN THE BEST INTERESTS OF THE COMPANY AND RECOMMENDS A VOTE FOR PROPOSAL III.

**PROPOSAL III
APPROVAL OF A NEW EQUITY COMPENSATION PLAN**

A majority of the Board, as defined in Section 57(o) of the 1940 Act unanimously approved and adopted the Company's 2014 Stock Incentive Plan (the "Stock Plan") in accordance with Section 61 of the 1940 Act, and directed that the Stock Plan be submitted to stockholders for approval of the Reincorporation Transaction. The Stock Plan is intended to replace the Company's 2000 Stock Incentive Plan (the "2000 Plan"), 2003 Stock Incentive Plan (the "2003 Plan") and 2010 Stock Incentive Plan (the "2010 Plan"), and collectively with the 2000 Plan and 2003 Plan, the "Existing Plans", which will be terminated in connection with the Reincorporation Transaction. For additional information, see Proposal IV Approval of a New Equity Compensation Plan.

A majority of the Shares cast in person or by proxy at the Special Meeting requires the affirmative vote of a majority of the Shares cast in person or by proxy at the Special Meeting. Non-Votes will not be included in determining the number of votes cast and, as a result, will have no effect on the outcome of the vote.

AT A VOTE FOR PROPOSAL IV TO APPROVE A NEW EQUITY COMPENSATION PLAN IS IN THE BEST INTERESTS OF OUR STOCKHOLDERS AND RECOMMENDS A VOTE FOR PROPOSAL IV.

**PROPOSAL IV
APPROVAL TO ADJOURN TO SOLICIT ADDITIONAL VOTES**

You may be asked to consider and act upon one or more adjournments of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to carry out the business of the Special Meeting. Proxies in favor of any or all of the other proposals set forth in this Proxy Statement / Prospectus.

Proposal V Approval to Adjourn to Solicit Additional Votes.

A majority of the Shares cast in person or by proxy at the Special Meeting requires the affirmative vote of a majority of the Shares represented at the Special Meeting in person or by proxy. A vote on an adjournment will have the same effect as a vote against the adjournment motion. The vote on those proxies for such adjournment, unless marked to be voted against any proposal for which an adjournment is requested, will constitute a vote in favor of the adjournment and a further solicitation of proxies.

AT A VOTE FOR PROPOSAL V TO APPROVE ANY ADJOURNMENT OF THE SPECIAL MEETING OR APPROPRIATE, TO SOLICIT ADDITIONAL PROXIES IN FAVOR OF ANY OR ALL OF THE PROPOSALS SET FORTH IN THIS PROXY STATEMENT / PROSPECTUS, IS IN THE BEST INTERESTS OF OUR STOCKHOLDERS AND RECOMMENDS A VOTE FOR PROPOSAL V.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document constitute forward-looking statements, which relate to future events or the future performance of Newtek NY, Newtek MD or, following the merger and subsequent combination, the combined company. These statements contained in this document involve a number of risks and uncertainties, including

the following: following the merger and subsequent combination, the combined company's operations, operating results or prospects;

the company's current and future investments;

the potential for a sudden or unexpected decline in the liquidity of credit markets;

the volatility of interest rates;

the company's investments in portfolio companies, particularly those having no liquid trading market;

the company's ability to raise capital, including Newtek MD's or, following the merger and subsequent combination, the combined company's ability to raise capital;

the company's ability to access alternative debt markets and additional debt and equity capital;

the company's relationships and relationships with third parties;

the company's dependence on and its impact on the industries in which Newtek NY, Newtek MD or, following the merger and subsequent combination, the combined company invests;

the company's dependence on the performance and ability of current and prospective portfolio companies to achieve their objectives;

the company's dependence on its investments;

the company's dependence on its resources and working capital;

amount of any dividend distributions;

vs, if any, from the operations of portfolio companies;

ct of any litigation relating to the merger;

merger and subsequent combination are completed and the anticipated timing of their completion;

ne completion of the merger and subsequent combination;

NY, Newtek MD s businesses to successfully integrate if the merger and subsequent combination are

operating results and business prospects if the merger and subsequent combination are not completed.

RISK FACTORS

on included in this document, stockholders should consider the matters described below in Reincorporation Transaction and the Merger Agreement. The risks set out below are not the only and, following the merger and subsequent combination, the combined company face. Additional risks known to Newtek NY or Newtek MD or that they currently deem to be immaterial also may or, following the merger and subsequent combination, the combined company's business, financial any of the following events occur, Newtek NY or, following the merger and subsequent any's business, financial condition or results of operations could be materially adversely affected.

RISKS ASSOCIATED WITH AN INVESTMENT IN NEWTEK MD

tant to a decision a shareholder of Newtek NY will make in approving the Reincorporation

and Structure

we have never operated as a BDC.

nce 1998, we have no operating history as a BDC. As a result, we can offer no assurance that we ctive and that the value of your investment will not decline substantially. As a BDC, we will be nents of the SEC, in addition to the specific regulatory requirements applicable to BDCs under the de. Our management has not had any prior experience operating under this BDC regulatory bstantial additional costs, and expend significant time or other resources, to do so. In addition, we ent revenue from our operations to make or sustain distributions to our stockholders.

recorded at fair value, with our board of directors having final responsibility for overseeing, d faith, its estimate of fair value and, as a result, there will be uncertainty as to the value of our

required to carry our portfolio investments at market value or, if there is no readily available market by us, with our board of directors having final responsibility for overseeing, reviewing and mte of fair value. Typically, there will not be a public market for the securities of the privately held s a result, we will value these securities quarterly at fair value based on input from management, a r audit committee, and with the oversight, review and approval of our Board.

nd consequently, the amount of unrealized gains and losses in our portfolio, are to a certain degree, luation process approved by our board of directors. Certain factors that may be considered in investments include external events, such as private mergers, sales and acquisitions involving such valuations, and particularly valuations of private securities and private companies, are ctuate over short periods of time and may be based on estimates. Our determinations of fair value lues that would have been used if a ready market for these securities existed. Due to this minations may cause our net asset value on a given date to materially understate or overstate the lize on one or more of our investments. As a result, investors purchasing our common stock based ould pay a higher price than the value of our investments might warrant. Conversely, investors hich the net asset value understates the value of our investments will receive a lower price for their tments might warrant.

ults of operations will depend on our ability to manage and deploy capital effectively.

ment objective will depend on our ability to manage and deploy capital, which will depend, in turn, identify, evaluate and monitor, and our ability to finance and invest in, companies that meet our

objective on a cost-effective basis will largely be a function of our management's handling of the provide competent, attentive and efficient services and our access to investments offering acceptable the performance of our existing investments, our senior lending team and our executive committee me to time, to provide managerial assistance to some of our portfolio companies. These demands on ow the rate of investment.

ould upon our investment operations, any failure to manage our growth effectively could have a siness, financial condition, results of operations and prospects. The results of our operations will g the availability of opportunities for investment, readily accessible short and long-term funding ets and economic conditions. Furthermore, if we cannot successfully operate our business or es and strategies as described herein, it could negatively impact our ability to pay dividends.

ive market for investment opportunities, which could reduce returns and result in losses.

with other BDCs with similar investment strategies, private equity funds with similar investment finance companies with venture lending units and banks focused on venture lending. Many of our larger and have considerably greater financial, technical and marketing resources than us. For have a lower cost of capital and access to funding sources that will not be available to us. In s may have higher risk tolerances or different risk assessments than we will have. These ompetitors to consider a wider variety of investments, establish more relationships and offer better rring than we will be able to offer. We may lose investment opportunities if we do not match our structure. If we are forced to match our competitors' pricing, terms and structure, we may not be able our investments or may bear substantial risk of capital loss. Furthermore, many of our competitors rating under, or will not be subject to, the regulatory restrictions that the 1940 Act will impose on us

tmments effectively, we may be unable to achieve our investment objective.

ment objective depends on our senior lending team's and our executive committee's ability to identify, mpanies that meet our investment criteria. Accomplishing this result on a cost-effective basis is ng capabilities, our management of the investment process, our ability to provide efficient services es on acceptable terms. In addition to monitoring the performance of our existing investments, am, our executive committee and our other investment professionals may also be called upon to our portfolio companies. These demands on their time may distract them or slow the rate of continue to hire, train, supervise and manage new employees and to implement computer and other commodating our growth. However, we cannot provide assurance that any such employees will usiness or that we will implement such systems effectively. Failure to manage our future growth adverse effect on our business, financial condition and results of operations.

a significant extent upon strong referral relationships, and our inability to maintain or further well as the failure of these relationships to generate investment opportunities, could adversely

senior lending team and our executive committee will maintain their relationships with banks, investment bankers, commercial bankers, financial advisors, attorneys, accountants, consultants and professional networks, and we will rely to a significant extent upon these relationships to provide us with investment opportunities. If our senior lending team and our executive committee fail to maintain its existing relationships with these sources of investment opportunities, we will not be able to grow our investment portfolio. In addition, the relationships of members of our senior lending team and our executive committee have relationships are not guaranteed to generate investment opportunities, and, therefore, there is no assurance that such relationships will generate

maintain our status as a BDC would reduce our operating flexibility.

As a BDC under the 1940 Act prior to the completion of the Proposed Offering. The 1940 Act imposes restrictions on the operations of BDCs. For example, BDCs are required to invest at least 70% of their gross assets in U.S. private companies or thinly-traded U.S. public companies, cash, cash equivalents, U.S. government securities, and high quality debt investments that mature in one year or less. Furthermore, any failure to comply with the requirements of the 1940 Act could cause the SEC to bring an enforcement action against us and/or our officers and directors. In addition, upon approval of a majority of our stockholders, we may elect to withdraw our election, or if we otherwise fail to qualify, or maintain our qualification, as a BDC, we may be subject to greater regulation under the 1940 Act as a closed-end investment company. Compliance with such requirements could decrease our operating flexibility, and could significantly increase our costs of doing business.

As a BDC affect our ability to raise additional capital and the way in which we do so. As a BDC, additional capital may expose us to risks, including the typical risks associated with leverage.

We may issue preferred stock and/or borrow money from banks or other financial institutions, which we refer to as "senior securities," up to the maximum amount permitted by the 1940 Act. Under the provisions of the 1940 Act, we may not issue senior securities in amounts such that our asset coverage ratio, as defined in the 1940 Act, falls below 100% of assets less all liabilities and indebtedness not represented by senior securities, after each issuance of senior securities. If our asset coverage ratio declines, we may be unable to satisfy this test. If that happens, we may be required to sell a portion of our assets, depending on the nature of our leverage, repay a portion of our indebtedness at a time when such repayment may be costly. Also, any amounts that we use to service our indebtedness would not be available for distributions to our common stockholders. Furthermore, as a result of issuing senior securities, we would also be exposed to typical risks associated with leverage, including the increased risk of loss. If we issue preferred stock, the preferred stock would rank senior to common stock and our common stockholders would have separate voting rights on certain matters and might have other rights, which may be more favorable than those of our common stockholders, and the issuance of preferred stock could have the effect of preventing a transaction or a change of control that might involve a premium price for holders of our common stock, which is in your best interest.

We may issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, options or rights to acquire our common stock, at a price below the then-current net asset value per share if our board of directors determines that such sale is in our best interests and in the best interests of our common stockholders. In any such case, the price at which our securities are to be issued and sold will be determined in the determination of our Board, closely approximates the market value of such securities (less a discount). If we raise additional funds by issuing more common stock or senior securities

for, our common stock, then the percentage ownership of our stockholders at that time will be diluted.

potential for loss on amounts invested in us is magnified and may increase the risk of investing in

age, magnify the potential for loss on investments in our indebtedness and on invested equity. If we partially finance our investments, you will experience increased risks of investing in our securities. As of June 30, 2014, we had an aggregate of \$93.1 million of debt outstanding, including \$38.1 million of debt with Capital One, National Association, and securitization notes payable of \$55.0 million. If the use of leverage would cause the net asset value attributable to our common stock to increase more than it would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause net asset value to decrease more than it otherwise would have had we not leveraged our business. Similarly, any increase in our income from our investments in the borrowed funds would cause our net investment income to increase more than it would without leverage. Conversely, any decrease in our income would cause net investment income to decline more sharply than it would have had we not leveraged. Leverage is generally considered a speculative investment technique.

The following table illustrates the effect of leverage on returns from an investment in our common stock assuming a 10% return on assets and 4.66% net of expenses. The calculations in the table below are hypothetical and actual returns may be higher or lower.

Assumed Return on our Portfolio⁽¹⁾

(net of expenses)

	(10)%	(5)%	0%	5%	10%
Common stockholders ⁽²⁾	(22.12)%	(12.67)%	(3.22)%	6.24%	15.69%

is \$254.9 million in total assets, \$93.1 million in debt outstanding, \$134.8 million in net assets, and 4.66%. Actual interest payments may be different.

annual interest payments on indebtedness, we must achieve annual returns on our June 30, 2014, investments of 10%.

Investment objective may depend in part on our ability to access additional leverage on favorable terms, and that such additional leverage can in fact be achieved.

our investments, changes in interest rates will affect our cost of capital and net investment

Like investments, our net investment income will depend, in part, upon the difference between the rate at which we invest those funds. As a result, we can offer no assurance that a significant increase in interest rates will not have a material adverse effect on our net investment income in the event we use debt to finance our investments. In the event of rising interest rates, our cost of funds would increase, which could reduce our net investment income from fixed-rate investments, they will be financed primarily with equity and/or long-term debt. We may use various techniques in an effort to limit our exposure to interest rate fluctuations. Such techniques may

ing activities to the extent permitted by the 1940 Act. If we do not implement these techniques
sses on our hedging positions, which could be material.

in our quarterly and annual results.

in our quarterly and annual operating results due to a number of factors, including our ability or
companies that meet our investment criteria, the interest

As we acquire, the level of portfolio dividend and fee income, the level of our expenses, variations in the level of realized and unrealized gains or losses, the degree to which we encounter competition in our market conditions. As a result of these factors, results for any period should not be relied upon as being representative of other periods.

Investment objective, operating policies and strategies without prior notice or stockholder approval, and the effect of such changes on our investment objective.

Our ability to change our investment objective, current operating policies, investment criteria and strategies without prior notice and without stockholder approval to cease to be, or withdraw our election as, a BDC, our Board will have the authority to do so. We cannot predict the effect any changes to our current operating policies, investment criteria and strategies will have on our net asset value, operating results and value of our stock. However, the effects might be significant and could impact our ability to pay you dividends and cause you to lose all or part of your investment.

Qualification as a RIC if we are unable to qualify as a RIC.

If we are not treated as a RIC commencing with our tax year ending December 31, 2015, no assurance can be given that we will be able to qualify for and maintain our qualification as a RIC. To obtain and maintain our qualification as a RIC, we must meet certain asset diversification, and distribution requirements.

Our qualification as a RIC will be satisfied if we obtain at least 90% of our income for each year from dividends, interest, gains from the sale of assets or similar sources.

Our qualification as a RIC will be satisfied if we meet certain asset diversification requirements at the end of each quarter. If we do not meet those requirements, we may be required to dispose of certain investments quickly in order to continue to qualify as a RIC. Because most of our investments will be in private companies, and therefore will be illiquid, liquidations could be made at disadvantageous prices and could result in substantial losses. The annual distribution requirement will be satisfied if we distribute to our stockholders on an annual basis at least 90% of our net long-term capital gains in excess of our net long-term capital losses, if any. Because we use debt financing, our debt covenants, leverage ratio requirements under the 1940 Act and financial covenants under loan and credit agreements may, in certain circumstances, restrict us from making distributions necessary to satisfy the distribution requirement. If we are unable to obtain cash from other sources, we could fail to qualify as a RIC.

If we are treated for any reason and remain or become subject to corporate income tax, the resulting taxes will likely reduce our net assets, the amount of income available for distribution and the amount of our distributions.

Distributions, our distributions may not grow over time and a portion of our distributions may be a

portion of our stockholders out of assets legally available for distribution. We cannot assure you that we will be able to make a specified level of cash distributions or year-to-year increases in cash distributions. Our distributions might be adversely affected by, among other things, the impact of one or more of the factors mentioned above. In addition, the inability to satisfy the asset coverage test applicable to us as a BDC can limit the amount of distributions that will be paid at the discretion of our Board and will depend on our earnings, our net asset value, our RIC status, compliance with applicable BDC regulations and such other factors as our board may determine from time to time. We cannot assure you that we will pay distributions to our stockholders in the

distributions is determined by the Board each quarter and is based upon the annual earnings estimated any. To the extent that the Company's taxable earnings fall below the amount of distributions the total amount of the Company's distributions for the fiscal year may be deemed a return of capital to stockholders. Stockholders should not assume distributions reflect earnings or are derived from net income to report a distribution yield.

will be required to determine the extent to which such distributions are paid out of current or accumulated earnings. Distributions in excess of current and accumulated earnings and profits will be treated as a return of capital to the extent of an investor's basis in our stock and, assuming that an investor holds our stock as a capital asset. Generally, a non-taxable return of capital will reduce an investor's basis in our stock for federal tax purposes. There is no tax liability when the stock is sold. Stockholders should read any written disclosure carefully and should not assume that the source of any distribution is our ordinary income or gains.

Our required distributions if we recognize income before or without receiving cash representing

income, we will include in our taxable income certain amounts that we have not yet received in cash, which may arise if we receive warrants in connection with the origination of a loan or possibly in connection with a debt investment. Such original issue discount or increases in loan balances as a result of contractual PIK will be included in our taxable income before we receive any corresponding cash payments. We also may be required to include certain other amounts that we will not receive in cash.

If we recognize taxable income before or without receiving corresponding cash payments, we may have a distribution requirement necessary to maintain our qualification as a RIC. Accordingly, to satisfy our distribution requirement, we may have to sell some of our investments at times and/or at prices we would not consider desirable or equity capital or forgo new investment opportunities. If we are not able to obtain cash from our investments, we may not be able to qualify as a RIC and thus become subject to corporate-level income tax. For additional discussion regarding our election to be taxed as a RIC, please see "Material U.S. Federal Income Tax Considerations" in our most recent Company.

Our ability to pay dividends in our own stock, in which case you may be required to pay tax in excess of the

amount of cash dividends that are payable in part in our stock. In accordance with certain applicable Treasury regulations promulgated by the Internal Revenue Service ("IRS"), a RIC may treat a distribution of its own stock as fulfilling the distribution requirement. Each stockholder may elect to receive his or her entire distribution in either cash or stock of the RIC, and the aggregate amount of cash to be distributed to all stockholders must be at least 20% of the aggregate amount of cash and stock that stockholders elect to receive cash, each stockholder electing to receive cash must receive a pro rata share of the distribution paid in stock). In no event will any stockholder, electing to receive cash, receive more than the amount of cash that could have been received if the distribution had been paid in cash. If these and certain other requirements are met, for U.S. federal income tax purposes, the value of stock paid in stock will be equal to the amount of cash that could have been received instead of stock. If we pay such dividends will be required to include the full value of such stock as ordinary income (or as a capital gain dividend) to the extent of our current and accumulated earnings and profits for United States federal income tax purposes. As a result, a U.S. Holder may be required to pay tax on the amount of cash received in excess of any cash received. If a U.S. Holder sells the stock it receives as a dividend in order to pay tax on the amount of cash received less than the amount included in

and, depending on the market price of our stock at the time of the sale. Furthermore, with respect to required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in the future, it may put downward pressure on the trading price of our stock.

Weaknesses in our internal control over financial reporting. Future internal control deficiencies may exist that could result in material misstatements of our financial results or prevent the detection of fraud. As a result, stockholders could lose confidence in our financial reporting, which would harm our business and the trading price of our common stock.

Internal control over financial reporting are necessary for us to provide reliable financial reports and, together with our internal control procedures, are designed to prevent fraud. We recently identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. We have taken steps to remediate our internal control over financial reporting to identify future deficiencies in our internal control over financial reporting in a timely manner or to prevent us from accurately and timely reporting our financial results. Inferior internal controls over financial reporting could reduce confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

Changes made in our internal control and procedures on a quarterly basis and our management will be required to assess these controls annually. An independent assessment of the effectiveness of our internal control over financial reporting at our management's assessment might not. Undetected material weaknesses in our internal controls over financial reporting could result in restatements and require us to incur the expense of remediation. In the event that we are unable to comply with Section 404 of the Sarbanes-Oxley Act of 2002 ("SOX") and related rules, the market price of our common stock could be affected.

Changes in laws and regulations governing our operations may adversely affect our business or cause us to alter our business strategy.

Our business will be subject to applicable local, state and federal laws and regulations, including, without limitation, laws and regulations governing the types of investments we are permitted to make, any of which could harm us and our business have a retroactive effect. Additionally, any changes to the laws and regulations governing our operations may cause us to alter our investment strategy in order to avail ourselves of new or different investment opportunities and result in material differences to the strategies and plans set forth herein and may result in our business being outside the areas of expertise of our senior lending team and our executive committee to other types of investment opportunities. Our lending team and our executive committee may have less expertise or little or no experience. Thus, changes in laws and regulations could have a material adverse effect on our results of operations and the value of your investment.

Changes in government loan programs could cut off an important segment of our business.

Since our existence since 1953, there can be no assurance that the federal government will maintain the SBA's guarantee programs at current levels. If we cannot continue making and selling guaranteed loans, we will generate fewer origination fees and our ability to generate gains on sale of loans will decrease. If government agencies that guarantee these loans reach their internal budgeted limits and cease to guarantee loans, in addition, these agencies may change their rules for extending loans. Also, Congress may adopt

ing the programs. Non-governmental programs could replace government programs for some not be equally acceptable. If these changes occur, the volume of loans to SMBs and industrial qualify for government-guaranteed loans could decline, as could the profitability of these loans.

Increasingly complex corporate governance, public disclosure and accounting requirements that are not consistent with our business and financial results.

We incur legal, accounting and other expenses, including costs associated with the periodic reporting requirements under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or the Exchange Act, as well as additional requirements, including requirements under SOX and other rules implemented by the SEC. Also, we are subject to regulations of federal and state government as well as the stock exchange on which our common stock is listed, the Public Company Accounting Oversight Board, the SEC and the NASDAQ Capital Market, along with a number of new and increasingly complex requirements and regulations over the course of the last several years. Additional regulations and requirements in response to laws enacted by Congress. Our efforts to comply with these requirements may result in an increase in expenses and a diversion of management's time from other business

Volatility in the capital and credit markets could impair our ability to raise capital and negatively affect our

ability to raise additional capital for investment purposes. Without sufficient access to the capital markets, we may be forced to curtail our business operations or we may not be able to pursue new business

opportunities. The capital and credit markets have experienced periods of extreme volatility and disruption and, as a result, there may continue to be uncertainty in the financial markets in general. Continuing U.S. debt ceiling and budget sequestration, along with automatic spending cuts stemming from sequestration and together with deteriorating sovereign credit ratings, have increased the possibility of additional credit-rating downgrades and economic slowdowns, or a further downgrade of the U.S. government's sovereign credit rating or its impact of this or any further downgrades to the U.S. government's sovereign credit rating or its impact on the U.S. and global financial markets and economic conditions. Absent further action by the Federal Reserve Board, these developments, along with the European sovereign debt crisis, could cause interest rates to rise, which may negatively impact our ability to access the debt markets on favorable terms. These conditions could have a material adverse effect on our business, financial condition and results of operations. These conditions in the financial industry and the impact of new legislation in response to those conditions could adversely affect our business operations and could adversely impact our results of operations and financial condition.

If we are unable to raise capital in a timely manner or on terms that are not favorable to us, our liquidity may be impaired substantially, we may fail to maintain the asset coverage ratios imposed upon us by the 1940 Securities Act, which could impact our ability to issue securities, including borrowings, and pay dividends, which could materially impact our liquidity. Our liquidity could be impaired further by an inability to access the capital markets or to consummate transactions to raise capital for normal operations, including new originations. In recent years, reflecting concern about the credit markets, many lenders and institutional investors have reduced or ceased providing funding to

Information systems and systems failures could significantly disrupt our business, which may, in turn, result in a decrease in the market price of our common stock and our ability to make distributions to our stockholders.

Our business depends on our communications and information systems. Certain of these systems are provided to us by third parties. A failure or interruption of such systems, including as a result of the termination of an agreement

provider, could cause delays or other

29

in turn, could have a material adverse effect on our operating results and negatively affect the market for our common stock and our ability to make distributions to our stockholders.

natural disasters may affect any market for our common stock, impact the businesses in which we invest, and impact our operating results and financial condition.

Natural disasters may disrupt our operations, as well as the operations of the businesses in which we invest and continue to create, economic and political uncertainties and have contributed to global economic downturns, military or security operations, or natural disasters could further weaken the domestic/global economies. Economic and political uncertainties, which may negatively impact the businesses in which we invest directly or indirectly, could have a material adverse impact on our business, operating results and financial condition. Losses from terrorist attacks are generally uninsurable.

Investments Generally

Investments are generally highly speculative.

Secured term loans and select equity investments issued by companies, some of which are highly

subject to a risk that the collateral securing our loans may decrease in value over time, may be difficult to sell and may fluctuate in value based upon the success of the business and market conditions. In addition, the inability of the portfolio company to raise additional capital, and, in some circumstances, our inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan. A loan is secured does not guarantee that we will receive principal and interest payments according to the terms of the loan and that we will be able to collect on the loan should we be forced to enforce our remedies. In some cases, we may require the borrower to provide additional business or personal assets to secure further our first lien positions.

We may also invest directly in the equity securities of portfolio companies. The equity interests we receive in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity investments and the proceeds we realize on the disposition of any equity interests may not be sufficient to offset any other losses we

investments involve a number of significant risks, including:

Investment in companies with limited financial resources and may be unable to meet their obligations under their debt obligations, which may be accompanied by a deterioration in the value of any collateral and a reduction in the value of any guarantees we may have obtained in connection with our investment;

Investment in companies with shorter operating histories, narrower product lines and smaller market shares than larger businesses, which may make them more vulnerable to competitors' actions and market conditions, as well as general economic

depend on the management talents and efforts of a small group of persons; therefore, the death, or termination of one or more of these persons could have a material adverse impact on our portfolio on us;

ss predictable operating results, may from time to time be parties to litigation, may be engaged in businesses with products subject to a substantial risk of obsolescence, and may require substantial support their operations, finance expansion or maintain their competitive position;

ty accessing the capital markets to meet future capital needs, which may limit their ability to grow
 ending indebtedness upon maturity; and

and directors may, in the ordinary course of business, be named as defendants in litigation arising
 in the portfolio companies.

***primarily on smaller privately held companies involves a high degree of risk and presents certain
 f available information about these companies, a dependence on the talents and efforts of only a
 nnel and a greater vulnerability to economic downturns.***

ly of debt and equity investments in smaller privately-owned companies. Investing in these types of
 significant risks. Typically, the debt in which we will invest is not initially rated by any rating
 if such investments were rated, they would be below investment grade. Compared to larger
 small companies may be in a weaker financial position and experience wider variations in their
 ke them more vulnerable to economic downturns. Typically, these companies need more capital to
 o capital is limited and their cost of capital is often higher than that of their competitors. Our
 tense competition from larger companies with greater financial, technical and marketing resources
 ds on the managerial talents and efforts of an individual or a small group of persons. Therefore, any
 effect a portfolio company's ability to compete effectively and harm its financial condition. Further,
 t business in regulated industries that are susceptible to regulatory changes. These factors could
 olo companies and result in other events, such as bankruptcy. These events could limit a portfolio
 obligations to us, which may have an adverse effect on the return on, or the recovery of, our investment
 in a borrower's financial condition and prospects may be accompanied by deterioration in the value

on exists about these companies, and we are required to rely on the ability of our senior lending team
 obtain adequate information to evaluate the potential returns from investing in these companies. If
 erial information about these companies, we may not make a fully informed investment decision,
 nvestments. Also, privately held companies frequently have less diverse product lines and smaller
 etitors. These factors could adversely affect our investment returns as compared to companies
 es of public companies.

portfolio companies may be risky, and you could lose all or part of your investment.

es involves a number of significant risks. Leveraged companies in which we invest may have
 ay be unable to meet their obligations under their loans and debt securities that we hold. Such
 ed by a deterioration in the value of any collateral and a reduction in the likelihood of our realizing
 obtained in connection with our investment. Smaller leveraged companies also may have less
 may require substantial additional capital to support their operations, finance their expansion or
 on.

our debt that ranks equally with, or senior to, our investments in such companies.

ve, or may be permitted to incur, other debt that ranks equally with, or in some cases senior to, the
 terms, such debt instruments may entitle the holders to receive payment of interest or principal on
 are entitled to receive payments with

which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy, holders of debt instruments ranking senior to our investment in that portfolio company would be paid in full before we receive any distribution. After repaying such senior creditors, such portfolio company would distribute the remaining assets to repay its obligation to us. In the case of debt ranking equally with debt, we would have to share on an equal basis any distributions with other creditors holding such debt in the event of liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

Additional securing loans that we make to our portfolio companies may be subject to control by senior lenders. If there is a default, the value of the collateral may not be sufficient to repay in full both the first

secured by a second priority security interest in the same collateral pledged by a portfolio company to us and by the portfolio company to commercial banks or other traditional lenders. Often the senior lender will prohibit the portfolio company from incurring additional secured debt without the senior lender's consent. In order to permit the portfolio company to borrow money from us secured by the same collateral, the senior lender will require assurances that it will control the disposition of any collateral in the event of a default. In many such cases, the senior lender will require us to enter into an intercreditor agreement prior to our borrowing from us. Typically the intercreditor agreements we will be requested to expressly enter into are similar to those held by the senior lender and further provide that the senior lender shall control: (1) the disposition of the collateral; (2) the nature, timing and conduct of any liquidation proceedings; (3) the amendment of any collateral document; (4) the release of the security interests in the collateral; and (5) the waiver of defaults under any security agreement. Because of the control we may cede to senior lenders in such agreements, we may be unable to realize the proceeds of any collateral securing some of our

investments, the obligors or the portfolio companies may not generate sufficient cash flow to service

our investments that rank below other obligations of the obligor in right of payment. Subordinated investments carry a greater risk of default than senior obligations as a result of adverse changes in the financial condition of the obligor in general. If we make a subordinated investment in a portfolio company, the portfolio company's relatively high debt-to-equity ratio may create increased risks that its operations might not generate sufficient cash flow to service its debt obligations.

Our investments may result in contingent liabilities.

Essentially all of our investments will involve loans and private securities. In connection with the purchase of loans and private securities, we may be required to make representations about the business and the portfolio company typical of those made in connection with the sale of a business. We may also be required to make representations in connection with our investment to the extent that any such representations turn out to be inaccurate or with respect to the business. Such representations may result in contingent liabilities that ultimately result in funding obligations that we must satisfy with distributions previously made to us.

There are circumstances where our debt investments could be subordinated to claims of other creditors or we could be subject

to claims of other creditors. We have secured certain of our investments as secured loans, if one of our portfolio companies were to go bankrupt, the claims of other creditors and circumstances, and based upon principles of

by existing case law, a bankruptcy court could subordinate all or a portion of our claim to that of a claimant who has secured such subordinated claim to the bankruptcy estate. The principles of equitable subordination have generally indicated that a claim may be subordinated only if its holder is guilty of inequitable conduct. A claim may be re-characterized as an equity investment and the senior lender has actually provided financing to the bankrupt debtor. We may also be subject to lender liability claims for actions taken by us in the ordinary course of business or instances where we exercise control over the borrower. It is possible that we could become liable for claims, including as a result of actions taken in rendering significant managerial assistance or actions to benefit the borrower outside the ordinary course of business.

Our portfolio companies and harm our operating results.

Our portfolio companies may be susceptible to an economic downturn and may be unable to repay our loans during this period. Some portfolio companies may become non-performing and the value of our portfolio may decrease during this period. The adverse effects may include a decrease in the value of collateral securing some of our loans and the value of our equity investments. A decrease in the value of our investments may result in losses in our portfolio and a decrease in revenues, net income and the value of our assets.

Our investments may adversely affect our business.

Our investments in companies whose securities are not publicly traded, and whose securities will be subject to legal and other restrictions, may be less liquid than publicly traded securities. There is no established trading market for the securities of these companies. The illiquidity of these investments may make it difficult for us to sell these investments when desired. If we were to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we acquired these investments. As a result, we do not expect to achieve liquidity in our investments in the near term. In addition, other restrictions on our ability to liquidate an investment in a portfolio company to the extent that we are unable to obtain information regarding such portfolio company.

Our investments in the portfolio companies we will invest in using the proceeds of the Proposed Offering.

Our investments in the additional potential investments for our portfolio that we will acquire with the proceeds of the Proposed Offering may be unable to evaluate any future portfolio company investments prior to purchasing our shares. Our management team or our executive committee will select our investments subsequent to the closing of the Proposed Offering. Our shareholders will have no input with respect to such investment decisions. These factors increase the risk of our investing in our common stock.

Our investments in our portfolio companies could impair the value of our portfolio.

In addition to our investments in a portfolio company, we may make additional investments in that portfolio company as (1) follow-on investments to increase or maintain in whole or in part our equity ownership percentage; (2) exercise warrants, options or other securities acquired in the original or a subsequent financing; or (3) attempt to preserve or enhance the value of the portfolio company. We may not make follow-on investments or otherwise lack sufficient funds to make those investments. Our failure to make any follow-on investments, subject to the availability of capital resources. The failure to make follow-on investments may, in some circumstances, jeopardize the continued viability of a portfolio company and our initial investment. It may be a missed opportunity for us to increase our participation in a successful operation. Even if we have made a follow-on investment, we may elect not to make a follow-on investment because we do not want to increase our risk, we prefer other opportunities, we are subject to BDC requirements that would prevent such follow-on investment would affect our qualification as a RIC.

ation among portfolio companies which may subject us to a risk of significant loss if one or more of its obligations under any of its debt instruments.

number of portfolio companies. Beyond the asset diversification requirements associated with our Code, we will not have fixed guidelines for diversification, and our investments may be concentrated. Our portfolio is less diversified than the portfolios of some larger funds, we are more susceptible to volatility. Accordingly, the aggregate returns we realize may be significantly adversely affected if a small number of investments we need to write down the value of any one investment.

ent company within the meaning of the 1940 Act, and therefore we may invest a significant number of issuers, which subjects us to a risk of significant loss if any of these issuers fails to meet its obligations under any of its debt instruments or as a result of a downturn in the particular industry.

ified investment company within the meaning of the 1940 Act, and therefore we may invest a relatively small number of issuers in a limited number of industries. As of December 31, 2013, our two largest investments, NMS and NTS equaled approximately 10% and 9% of the fair value of our total assets, respectively. Beyond the asset diversification requirements as a RIC, we do not have fixed guidelines for diversification, and while we are not targeting any particular industries, any industry may become significantly represented among our investments. To the extent that we are subject to the risks of a small number of issuers, our net asset value may fluctuate to a greater extent than that of other investment companies as a result of changes in the financial condition or the market's assessment of the issuer, changes in the value of any particular industry. We may also be more susceptible to any single economic or regulatory event that affects any particular investment company.

ed in a limited number of industries, which may subject us to a risk of significant loss if there is a downturn in any of these industries.

ed in a limited number of industries. A downturn in any particular industry in which we are invested could adversely affect our aggregate returns we realize. If an industry in which we have significant investments suffers from economic conditions, as these industries have to varying degrees, a material portion of our investment portfolio could be adversely affected, which, in turn, could adversely affect our financial position and results of operations.

lling equity interests in certain of our portfolio companies, we may not be in a position to exercise our rights to vote on matters or to prevent decisions by management of our portfolio companies that could decrease the value of our investments.

lling equity positions in the majority of our portfolio companies where our investments are in the form of common stock. As a result, we are subject to the risk that a portfolio company may make business decisions that are not in our best interests. The management and/or stockholders of a portfolio company may take risks or otherwise act in ways that could adversely affect the value of our investments. Due to the lack of liquidity of the debt and equity investments that we typically hold in our portfolio, we may not be able to dispose of our investments in the event we disagree with the actions of a portfolio company that could result in a decrease in the value of our investments.

panies will harm our operating results.

not satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, in some cases, foreclosure on its secured assets, which could trigger a decrease in the value of our investments.

ments and jeopardize our portfolio company's ability to meet its obligations under the debt securities unless to the extent necessary to seek recovery upon default or to negotiate new terms with a company extension or restructuring of our loans could adversely affect our cash flows. In addition, if one of our portfolio companies goes bankrupt, even though we may have structured our interest as senior debt, depending on the facts and the extent to which we actually provided managerial assistance to that portfolio company, a bankruptcy could cause us to subordinate all or a portion of our claim to that of other creditors. If any of these events occur, they could adversely affect our operating results and cash flows.

Our ability to protect our intellectual property rights, our business and prospects could be adversely affected if our portfolio companies are required to devote significant resources to protecting their intellectual property and our investment could be reduced.

Our success and competitive position will depend in part upon our ability to maintain and protect our intellectual property rights in our products and services. We will rely, in part, on patent, trade secret and trademark law to protect our intellectual property. Others may misappropriate our intellectual property, and disputes as to ownership of intellectual property may, from time to time, be required to institute litigation to enforce the patents, copyrights or other intellectual property rights, determine the validity and scope of the proprietary rights of others or defend against claims of infringement. Such litigation could result in substantial costs and diversion of resources.

Our ability to make investments by our portfolio companies could adversely impact our results of operations and reduce our cash flows.

Our investments in our portfolio companies may be repaid prior to maturity; our SBA loans may be subject to prepayment penalties. When this occurs, we will generally reinvest these proceeds in temporary investments or in other investments pending our return on future investment in new portfolio companies. Temporary investments will typically have a shorter term than the debt being prepaid and we could experience significant delays in reinvesting these amounts. Any investments in our portfolio company may also be at lower yields than the debt that was repaid. As a result, our results of operations could be adversely affected if one or more of our portfolio companies elect to prepay amounts owed to us. Such prepayments could negatively impact our return on equity, which could result in a decline in the market price of our common stock.

Our equity investments.

Our investments in the future include warrants or other equity securities. Investments in equity securities involve various risks, including the risk of further dilution as a result of additional issuances, inability to access cash flows, and may not receive current distributions. Investments in preferred securities involve special risks, such as the risk of illiquidity and limited voting rights. In addition, we may from time to time make non-control investments in our portfolio companies. Our goal is ultimately to realize gains upon our disposition of such equity interests. Such investments may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize any value from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be as great as we expect. We also may be unable to realize any value if a portfolio company does not have a successful exit strategy, such as a sale of the business, recapitalization or public offering, which would allow us to sell the underlying equity interests. We may also have the right to sell our equity securities back to the portfolio company or similar rights to give us the right to sell our equity securities back to the portfolio company. We may exercise these puts rights for the consideration provided in our investment documents if the issuer is in default.

as if we engage in hedging transactions.

ons, we may expose ourselves to certain risks associated with such transactions. We may utilize contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against our portfolio positions from changes in currency exchange rates and market interest rates. The values of our portfolio positions does not eliminate the possibility of fluctuations in the values of our portfolio positions if the values of such positions decline. However, such hedging can establish other positions designed to offset the decline in the value of such portfolio positions. Such hedging provides an opportunity for gain if the values of the underlying portfolio positions increase. It may not be possible to hedge against interest rate fluctuation that is so generally anticipated that we are not able to enter into a hedge at a reasonable price. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between the portfolio holdings being hedged. Any such imperfect correlation may prevent us from fully hedging and expose us to risk of loss. In addition, it may not be possible to hedge fully or perfectly against the value of securities denominated in non-U.S. currencies because the value of those securities is determined by factors not related to currency fluctuations.

and with SBA loans.

guaranteed portion of SBA loans in the secondary market. Such sales have resulted in our earning a portion of servicing income. There can be no assurance that we will be able to continue originating these loans, that the market will exist for, or that we will continue to realize premiums upon the sale of the guaranteed portions.

In the event of a liquidation of substantially all of our SBA 7(a) loan portfolio, we retain credit risk on the non-guaranteed portions. We are pro rata with the SBA in any recoveries. In the event of default on an SBA loan, our pursuit of recovery is subject to SBA approval, and where the SBA establishes that its loss is attributable to deficiencies in our loan application has been prepared and submitted, the SBA may decline to honor its guarantee with respect to the recovery of damages from us. If we should experience significant problems with our SBA lending, a failure to honor a guarantee or the cost to correct the problems could have a material adverse effect on our business. If the SBA ever declined to honor its guarantees with respect to SBA loans made by us since our acquisition of the business, it may be given that the SBA would not attempt to do so in the future.

Non-performing assets would reduce our income and increase our expenses.

If the percentage of non-performing assets in our SBA lending business rises in the future, it could adversely affect our revenue and earnings. Non-performing assets are primarily loans on which borrowers are not making their required payments. Non-performing assets may have been restructured to permit the borrower to have smaller payments and real estate that has been pledged as collateral on unpaid loans. To the extent that our financial assets are non-performing, we will have less cash available for other activities.

Our reserves may not be sufficient to cover unexpected losses.

The behavior of our customers. In addition to our credit practices and procedures, we maintain a reserve for losses which management has judged to be adequate given the loans we originate. We periodically review our reserves by monitoring current economic conditions and trends, collateral values, charge-off experience, levels of past delinquencies, and we adjust our reserve accordingly. However, because of the poor current economic conditions, our reserves may prove inadequate, which could have a material adverse effect on our financial results.

by weakness in the residential housing and commercial real estate markets.

all home and commercial real estate values could impair our ability to collect on defaulted SBA loans of our SBA loans as part of the collateral package.

Selected Portfolio Companies – Newtek Merchant Services (NMS)

ers, which have substantial discretion with respect to certain elements of our electronic payment order to process bankcard transactions. If either of the sponsorships is terminated, and we are the respective merchant portfolio to a new bank sponsor or sponsors, the business, financial and cash flows of electronic payment processing business could be materially adversely affected. If terminated, and NMS is not able to secure or transfer the merchant portfolios to new bank sponsors, NMS's electronic payment processing business. NMS also relies on service providers who are critical

unable to belong to and directly access the Visa® and MasterCard® bankcard associations. The existing regulations require NMS to be sponsored by a bank in order to process bankcard transactions. If both banks terminate their sponsorships, NMS will not be able to process bankcard transactions for the affected portfolios. Consequently, the loss of both banks could have a material adverse effect on our business. Furthermore, NMS's agreement with sponsoring banks grants them substantial discretion in approving certain elements of its business practices, including its solicitation, marketing procedures for merchants, the terms of our agreements with merchants, the processing fees that we charge to merchants and its use of independent sales organizations and independent sales agents. We cannot guarantee that the actions under these agreements will not be detrimental to us.

Service providers, whom are NMS's competitors, are necessary for the conduct of NMS's business. The termination by these providers of their agreements with NMS or their failure to perform these services efficiently and effectively may adversely affect the merchants whose accounts it serves and may cause those merchants to terminate their processing

if our bank sponsors fail to adhere to the standards of the Visa® and MasterCard® bankcard associations, our bankcard associations could be terminated and it could be required to stop providing payment processing services to Visa® and MasterCard®.

Some of the transactions NMS processes involve Visa® or MasterCard®. If NMS, its bank sponsors or its processors fail to comply with the requirements of the Visa® and MasterCard® bankcard associations, Visa® or MasterCard® could suspend NMS's registration or any changes in the Visa® or MasterCard® rules that would require it to stop providing payment processing services, which would have a material adverse effect on

if there are increases in interchange and sponsorship fees. If it cannot pass along these increases to its merchants, its margins will be reduced.

Our operating subsidiary pays interchange fees or assessments to bankcard associations for each transaction it processes, including credit and gift cards. From time to time, the bankcard associations increase the interchange fees that they charge to their member banks, which generally pass on such increases to NMS. From time to time, the sponsoring banks increase their interchange fees. If NMS is not able to pass these fee increases along to merchants through corresponding increases in merchant prices, its margins in this line of business will be reduced.

Merchant or cardholder data, whether through breach of our computer systems or otherwise, could result in losses.

More sensitive data about merchants and cardholders, and we maintain a database of cardholder data including payment, card numbers and cardholder addresses, in order to process the transactions and internal processes. If anyone penetrates our network security or otherwise misappropriates sensitive data could be subject to liability or business interruption. While we subject these systems to periodic security audits we cannot guarantee that our systems will not be penetrated in the future. If a breach of our system security, including claims for unauthorized purchases with misappropriated card information, or fraud claims. Similar risks exist with regard to the storage and transmission of such data by our merchants. In the event of such a breach, we may also be subject to a class action lawsuit. SMBs are less prepared for the loss of cardholder data than their larger counterparts. In the event of noncompliance by a customer of cardholders from payment card networks. There can be no assurance that we would be able to recover any

Merchants refuse or cannot reimburse charge-backs resolved in favor of their customers.

If a merchant and a cardholder is not ultimately resolved in favor of the merchant, the disputed transaction amount is bank and credited to the account of the cardholder. If NMS or our processing banks are unable to debit the merchant's account, or if the merchant refuses or is financially unable due to bankruptcy or other reasons to debit its bank for the charge-back, NMS must bear the loss for the amount of the refund paid to the cardholder. Since NMS's merchants deliver products or services when purchased, so a contingent liability for charge-backs is incurred on returned items. However, some of its merchants do not provide services until sometime after the sale, creating the potential for contingent liability and future charge backs. NMS and the sponsoring bank can maintain cash reserves under our control to cover charge back liabilities but such reserves may not be available to us in the event of a bankruptcy or other legal action.

Customer or merchant fraud.

When a merchant's customer uses a stolen card (or a stolen card number in a card-not-present transaction) to make a purchase. In a traditional card-present transaction, if the merchant swipes the card, receives authorization for the purchase, and verifies the signature on the back of the card against the paper receipt signed by the customer, the merchant remains liable for any loss. In a fraudulent card-not-present transaction, even if the merchant receives authorization for the purchase, the merchant is liable for any loss arising from the transaction. Many NMS customers are small and do not have sales over the Internet or by telephone or mail orders. Because their sales are more vulnerable to customer fraud than larger merchants, and NMS could be exposed to more fraud from cardholder fraud more frequently with these merchants.

When a merchant, rather than a customer, knowingly uses a stolen or counterfeit card or card number to record a purchase and intentionally fails to deliver the merchandise or services sold in an otherwise valid transaction. Anytime a merchant receives a charge-back, NMS is ultimately responsible for that charge-back unless it has required that a cash reserve be established to assure that the systems and procedures we have established to detect and reduce the impact of fraud are effective. Failure to effectively manage risk and prevent fraud could increase NMS charge-back losses and the results of operations.

as may fail due to factors beyond its control, which could interrupt its business or cause it to lose

ed operations of our computer network systems, software and our processors' data centers. Defects in
due to factors beyond its control could cause severe disruption to NMS' s business and other material
rocessing businesses.

*processing industry have come under increasing pressures from various regulatory agencies
e payment processing business to limit or modify the practices of merchants which could lead to*

e Federal Trade Commission, have within the past few years attempted to pressure merchants to
les or other practices. As a part of the payment processing industry, processors such as NMS could
ion aimed at restricting access to credit card sales by such merchants. These efforts could cause an
ing business or otherwise make its business less profitable and may subject NMS and others to
ot taking actions deemed sufficiently aggressive to limit such practices.

ed Portfolio Companies – Newtek Managed Technology Solutions (NTS)

titive industry in which technological change can be rapid.

ness and its related technology involve a broad range of rapidly changing technologies. NTS
on which it is based may not remain competitive over time, and others may develop superior
acts non-competitive without significant additional capital expenditures. Some of NTS' s competitors
substantially greater market presence as well as greater financial, technical, operational, marketing
ce than NTS. In the event that such a competitor expends significant sales and marketing resources
may not be able to compete successfully in such markets. We believe that competition will continue
pressure on prices. Such pressure could adversely affect NTS gross margins if it is not able to reduce
a price reductions. There can be no assurances that NTS will remain competitive.

*tions business depends on the efficient and uninterrupted operation of its computer and
ms and infrastructure.*

S against possible failure of its systems, interruptions could result from natural disasters, power loss,
s backup generators, telecommunications failure, terrorist attacks and similar events. NTS also
from local, regional and national carriers whose service may be interrupted. NTS' s business,
operations could be harmed by any damage or failure that interrupts or delays its operations. There
ance will cover all of the losses or compensate NTS for the possible loss of clients occurring during
provide service.

integrity of its infrastructure and the privacy of confidential information would materially affect its

ally vulnerable to physical or electronic break-ins, viruses or similar problems. If its security
uld jeopardize the security of confidential information stored on NTS' s systems, misappropriate
interruptions in NTS' s operations. We may be required to make significant additional investments
remedy security breaches. Security breaches that result in access to confidential information could
e us to a

ity services that NTS offers in connection with customers' networks cannot assure complete, break-ins and other disruptive problems. The occurrence of these problems may result in claims on our part. These claims, regardless of their ultimate outcome, could result in costly litigation and reputational damage and impair NTS's ability to attract and retain customers.

Microsoft Corporation and others for the licenses to use software as well as other intellectual property rights business.

Business is built on technological platforms relying on the Microsoft Windows® products and other software licenses. As a result, if NTS is unable to continue to have the benefit of those licensing agreements upon which its platform is built become obsolete, its business could be materially and adversely

Regulatory payments industry may result in costly new compliance burdens on NMS clients and on NMS and decreased payments volume and revenues.

Industry has increased significantly in recent years. Complying with these and other regulations increases costs and opportunities. Similarly, the impact of such regulations on clients may reduce the volume of payments and may limit the types of products and services that offered. Any of these occurrences can materially impact NMS business, prospects for future growth, financial condition and results of operations.

Information Security. Aspects of NMS operations and business are subject to privacy and data protection regulations. NMS financial institution clients are subject to similar requirements under the guidelines issued by regulatory agencies. In addition, many individual states have enacted legislation requiring consumer notification in the event of a data breach.

Sanctions and Anti-Terrorism Financing. The U.S.A. PATRIOT Act requires NMS to maintain an anti-money laundering program. Sanctions imposed by the U.S. Treasury Office of Foreign Assets Control (OFAC) prohibit dealing with certain parties considered to be connected with money laundering, terrorism or narcotics. NMS has in place designed to ensure OFAC compliance, but if those controls should fail, it could be subject to significant damage and loss of business.

Regulatory Oversight. As NMS expands its product offerings, it may become subject to money transfer and other regulatory oversight and costs of compliance.

If NMS is suspected of violating government statutes, such as the Federal Trade Commission Act or the Consumer Fraud and Abuse Prevention Act, governmental agencies may formally investigate. As a result of such a formal investigation, criminal or civil charges could be filed against NMS and it could be subject to significant fines or penalties in connection with such investigation or other governmental investigations. Any such charges by a governmental agency, including any fines or penalties, could materially harm NMS operations, financial position and cash flows. Currently, NMS is subject to a complaint issued by the

ssion as explained below. Also see Legal Proceedings for additional information.

sued by the Federal Trade Commission and it cannot predict the timing of developments and

ued by the Federal Trade Commission which relates to an alleged violation of the Federal Trade
rketing and Consumer Fraud and Abuse Prevention Act. NMS

nt will be resolved or the further timing of any other developments in connection with the complaint. Its or outcomes. Expenses incurred in connection with this complaint, which include fees for lawyers and any other future investigations (which could result in the filing of future complaints) adversely profitability. NMS may also have potential obligations to indemnify officers and directors, who could, n complaints. Negative developments or outcomes in the complaint could have an adverse effect on Also, the Federal Trade Commission could impose sanctions and/or fines on NMS in connection nt. Finally, this complaint and inquiry could divert the attention of NMS management and other of time. See Legal Proceedings for additional information.

ed Portfolio Companies Insurance Agency Business (NIA)

particularly property and casualty insurance companies, to supply the products marketed by its

casualty insurance companies typically provide that the contracts can be terminated by the supplier o enter into satisfactory arrangements with these suppliers or the loss of these relationships for any e results of its new insurance business. Also, NIA s inability to obtain these products at competitive it to compete with larger and better capitalized providers of such insurance services.

rnment regulations, its insurance agency business would be adversely affected.

s subject to comprehensive regulation in the various states in which it conducts business. NIA s its ability to satisfy these regulations and to obtain and maintain all required licenses and permits. y statutes and regulations could have a material adverse effect on it. Furthermore, the adoption of s, changes in the interpretation and enforcement of current statutes and regulations could have a

ver the commissions it earns on the sale of insurance products which are based on premiums and and the conditions prevalent in the insurance market.

le of insurance products. Commission rates and premiums can change based on the prevailing s that affect insurance underwriters. In addition, the insurance industry has been characterized by ion due to excessive underwriting capacity and periods of favorable premium levels due to shortages e timing or extent of future changes in commission rates or premiums or the effect any of these ns of NIA s insurance agency.

ed Portfolio Companies Payroll Processing Business (NPS)

loyee data, whether through a cyber-security breach of our computer systems or otherwise, could nness losses.

data about individuals in order to process the transactions and for other internal processes. If ecurity or otherwise misappropriates sensitive individual data, NPS could be subject to liability or ject to laws and rules issued by different agencies concerning safeguarding and maintaining the n. Its activities have been, and will continue to be, subject to an increasing risk of cyber-attacks, the olving. Cyber-

ed access to privileged and sensitive customer information, including passwords and account
While it subjects its data systems to periodic independent testing and review, NPS cannot guarantee
erated in the future. Experienced computer programmers and hackers may be able to penetrate NPS
riate or compromise our confidential information, create system disruptions, or cause shutdowns. As
ation may be lost, disclosed, accessed or taken without our customers' consent. If a breach of NPS
to liability, including claims for impersonation or other similar fraud claims. In the event of any
subject to a class action lawsuit. Any significant violations of data privacy could result in the loss of
y investigations and penalties that could damage NPS' reputation, and the growth of its business

disruptions that could adversely affect its business and reputation.

vily on its payroll, financial, accounting and other data processing systems. If any of these systems or
them fails to operate properly or becomes disabled even for a brief period of time, NPS could suffer
business, liability to clients, regulatory intervention or damage to its reputation. NPS has disaster
its businesses against natural disasters, security breaches, military or terrorist actions, power or
r events. Despite NPS' preparations, its disaster recovery plans may not be successful in preventing
ruptions, and disruptions to its operations or damage to its important facilities.

ogy to meet client needs and preferences, the demand for its services may diminish.

re subject to rapid technological advances and changing client needs and preferences. In order to
ve to client demands, NPS continually upgrades, enhances and expands its existing solutions and
successfully to technology challenges, the demand for its services may diminish.

costs or damages due to delays in processing inherent in the banking system.

ailability of customer (employer) funds prior to making payments to employees or taxing authorities,
erally transferred in to its accounts prior to making payments out. Due to the structure of the
re times when NPS may make payroll or tax payments and not immediately receive the funds to do
be no assurance that the procedures NPS has in place to prevent these occurrences or mitigate the
vent loss to its business.

ed Portfolio Companies Receivables Financing and Servicing Business (CDS)

in CDS' s accounts receivables portfolio would reduce its income and increase its expenses.

g assets in its receivable financing business rises in the future, it could adversely affect its revenue,
forming assets primarily consist of receivables for which the customer has not made timely payment.
structure the receivable to permit such a customer to have smaller payments over a longer period of
-payment by a receivables customer will result in lower revenue and less cash available for CDS' s

may not be sufficient to cover unexpected losses.

behavior of its customers. In addition to its credit practices and procedures, CDS maintains a reserve
receivable portfolio, which it has judged to be adequate given

periodically reviews its reserve for adequacy considering current economic conditions and trends, of non-performing assets, and adjusts its reserve accordingly. However, because of recent unstable may prove inadequate, which could have a material adverse effect on its financial condition and

ng to support its receivables financing business.

business depends on outside financing to support its acquisition of receivables. Termination of the credit a material adverse effect on its business, including but not limited to, the liquidation of its n the lines. If funds from such sale were insufficient to completely pay down the line of credit, CDS rt fall. In particular, CDS depends on a line of credit which matures in February 2014. Loss of this ce it would materially impact the business.

ed Portfolio Companies Capco Business

c credits they provide are created by state legislation and implemented through regulation, and to possible action to repeal or retroactively revise the programs for political, economic or other al or revision would create substantial difficulty for the Capco programs and could, if ultimately nancial harm.

the Capco programs and provided to our Capcos investors are to be utilized by the investors over a ten years. Much can change during such a period and it is possible that one or more states may . Any such revision or repeal could have a material adverse economic impact on our Capcos, either o s insurer s actions. Any such final state action that jeopardizes the tax credits could result in the assuming partial of full control of the particular Capco in order to minimize its liability under the o our investors.

to requirements under state law, a failure of any of them to meet these requirements could holders to the loss of one or more Capcos.

t all applicable minimum requirements of the Capco programs in which we still participate, each regulation until it has invested 100 percent of its funds and otherwise remained in full legal urance that we will continue to be able to do so. A major regulatory violation, while not fatal to our y increase the cost of operating the Capcos.

l Offering By Newtek MD

volatile and may decrease substantially.

stock may fluctuate substantially. The price of our common stock that will prevail in the market be higher or lower than the price you pay, depending on many factors, some of which are beyond ly related to our operating performance. These factors include, but are not limited to, the following:

uations in the overall stock market from time to time;

ur shares;

the market price and trading volume of securities of business development companies or other
or, which are not necessarily related to the operating performance of these companies;

43

policies or tax guidelines with respect to RICs, BDCs, or SBICs;

RIC, or the loss of RIC status;

re or net income or any increase in losses from levels expected by investors or securities analysts;

changes, in the value of our portfolio investments;

ortek personnel;

e of companies comparable to us; or

ditions and trends and other external factors.

volatility in the market price of a company's securities, securities class action litigation has often
y. Due to the potential volatility of our stock price once a market for our stock is established, we
ies litigation in the future. Securities litigation could result in substantial costs and divert
ources from our business.

will be able to successfully deploy the proceeds of the Proposed Offering within the timeframe we

ll of the net proceeds of the Proposed Offering will be invested in accordance with our investment
l in this prospectus within six to nine months from the consummation of the Proposed Offering. We
we will be able to locate a sufficient number of suitable investment opportunities to allow us to
all of the net proceeds of the Proposed Offering in that timeframe. To the extent we are unable to
proceeds of the Proposed Offering within our contemplated timeframe, our investment income, and
will likely be materially adversely affected.

over the use of proceeds of the Proposed Offering and we will use such proceeds in part to satisfy

ty in applying the proceeds of the Proposed Offering and may use the net proceeds from this
may not agree, or for purposes other than those contemplated at the time of the Proposed Offering.
ses and may pay other expenses, such as due diligence expenses of potential new investments, from
Offering. Our ability to achieve our investment objective may be limited to the extent that net
g, pending full investment, are used to pay operating expenses.

***reclassify any unissued shares of common stock into one or more classes of preferred stock,
ts and privileges to its owners.***

ur Board will be authorized to classify and reclassify any authorized but unissued shares of stock into
uding preferred stock. Prior to issuance of shares of each class or series, our Board will be required

the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to qualifications and terms or conditions of redemption for each class or series. Thus, our Board could issue preferred stock with terms and conditions that could have the effect of delaying, deferring or changing control that might involve a premium price for holders of our common stock or otherwise be borne by our common stockholders. Certain matters under the terms of the holders of any issued and outstanding preferred stock. For example, holders of preferred stock are entitled to vote separately from holders of common stock to elect two preferred stock

plans to issue preferred stock. The issuance of preferred shares convertible into shares of common stock could dilute our earnings per share and net asset value per share of our common stock upon conversion, provided, that we will not issue convertible preferred stock to the extent we comply with the requirements of Section 61 of the 1940 Act and obtain a stockholder approval. These effects, among others, could have an adverse effect on your

Our charter and bylaws could deter takeover attempts and have an adverse impact on the price of

Our bylaws contain provisions that may discourage, delay or make more difficult a change in control of the Company. We are subject to the Maryland Business Combination Act (the "Business Combination Act"), which imposes certain requirements of the 1940 Act. Our Board has adopted a resolution exempting from the Business Combination Act any business combination between us and any other person, subject to prior approval of such business combination by a majority of our independent directors. If the resolution exempting business combinations is not approved, and a business combination is approved, the Business Combination Act may discourage third parties from making an offer to acquire us and increase the difficulty of consummating such an offer. Our bylaws exempt from the Maryland Business Combination Act acquisitions of our stock by any person. If we amend our bylaws to conform to the Maryland Business Combination Act, the Control Share Acquisition Act also may make it more difficult for us to consummate a transaction and increase the difficulty of consummating such a transaction.

Our charter and bylaws may make it difficult for a third party to obtain control of us, including provisions of our charter that require our directors to serve staggered three-year terms, and authorizing our Board to classify or reclassify shares of our common stock into one or more series, to cause the issuance of additional shares of our stock, to amend our charter without our stockholders' approval, or to increase or decrease the number of shares of stock that we have authority to issue. These provisions, as contained in our charter and bylaws, may delay, defer or prevent a transaction or a change in control that might be favorable to our stockholders.

Our common stock in the public market may have an adverse effect on the market price of our

Our common stock is held by our executive officers, directors, and other stockholders, representing approximately [] shares, or approximately []% of our total outstanding shares subsequent to completion of the Proposed Offering (or approximately []% of our total outstanding shares subsequent to completion of the Proposed Offering if the over-allotment option is exercised), will be subject to a lock-up period of at least [] days. Upon expiration of this lock-up period, or earlier upon the consent of JMP Securities, Incorporated and William Blair & Company L.L.C., such shares will generally be freely tradable in the public market. The availability of substantial amounts of our common stock, or the availability of such common stock for sale, could depress the market prices for our common stock. If this occurs and continues, it could impair our ability to raise capital and the value of securities should we desire to do so.

RISKS ASSOCIATED WITH AN INVESTMENT IN NEWTEK NY

Many of our current risks and will remain risks upon the completion of the Reincorporation Transaction.

Ability to compete effectively in the highly competitive and highly regulated industries in which we

Our business involves providing web hosting services, processing electronic payments and originating SBA loans, as well as other services that our or our affiliated companies operate. Low barriers to

am of new competitors entering certain of these businesses. Current and potential competitors are or ntially larger and have more capital and other resources than we do. If we expand into additional ce competition from others in those markets as well. In addition, some of the industries in which we we cannot assure you that we will continue to be in full compliance with applicable laws, rules and ull compliance or if new laws limit or eliminate some of the benefits of our business lines, our erations and cash flows could be materially adversely affected.

Ability to enforce and maintain our intellectual property rights.

nt part, on the proprietary nature of our technology, including both patentable and non-patentable r NewTracker® referral system. We have filed one patent application with the United States Patent ce that such patent will be granted. To the extent that a competitor is able to reproduce or otherwise ay be difficult, expensive or impossible for us to obtain necessary legal protection. In addition to roperty rights, we consider elements of our product designs and processes to be proprietary and yee, consultant and vendor non-disclosure agreements and contractual provisions and a system of roprietary information. However, any of our registered or unregistered intellectual property rights y others in the industry, which might harm our operating results. We have several trademarks and ial importance to us. Litigation, which could result in substantial cost to and diversion of our efforts, rademarks or to determine the enforceability, scope and validity of the proprietary rights of others. igation or interference proceeding could subject us to costs related to changing brand names and a tion.

Ability to rely on our senior lending team and our executive committee for our future success, and if we are unable to hire or if we lose any member of our senior lending team or our executive committee our ability to succeed could be significantly harmed.

team and executive committee as well as other key personnel for the identification, final selection, ng of our investments. These executive officers and employees have critical industry experience and mplement our business plan. Our future success depends on the continued service of our senior ommittee. The departure of any of the members of our senior lending team, our executive er of our senior personnel could have a material adverse effect on our ability to achieve our we may not be able to operate our business as we expect, and our ability to compete could be perating results to suffer.

Ability to utilize the Internet for the conduct of a significant portion of their business; disruption of the Internet could be possible for them to continue to conduct their current businesses.

functioning of the Internet through, for example, power failure or terrorist sabotage, could make it ling, electronic payment processing, web hosting and our referral system to function. In the event of y that such disruptions would be long-lived, we would be required to make extensive changes in the s. There is no assurance that we will have the time and resources to make these changes.

Ability to use effectively our electronic referral and information processing systems.

referral and processing system for the applications necessary for the sales of each of our business This system is critical to our ability to process such

ge and to obtain referrals from our alliance partners. In particular, the ability to access the referral of a referred customer is a major feature of the perceived attractiveness of our system. If this referral which we cannot address, it would have a material negative impact on our business strategy. In business services increasingly depends on our capacity to store, retrieve, process and manage disruption or loss of our information processing capabilities through loss of stored data, breakdown or equipment and software systems, telecommunications failure or damage caused by acts of nature or material adverse effect on our business, financial condition, results of operations and cash flows.

ic Payment Processing Business

which has substantial discretion with respect to certain elements of our business practices, in actions. If the sponsorship is terminated, and we are not able to secure or transfer the respective k sponsor or sponsors, the business, financial condition, results of operations and cash flows of business could be materially adversely affected. If the sponsorship is terminated, and we are not merchant portfolios to new bank sponsors, we will not be able to conduct our electronic payment y on service providers who are critical to our business.

re unable to belong to and directly access the Visa® and MasterCard® bankcard associations. The g regulations require us to be sponsored by a bank in order to process bankcard transactions. We are s. If the sponsorship is terminated and we are unable to secure a bank sponsor for the merchant process bankcard transactions for the affected portfolios. Consequently, the loss of both of our ial adverse effect on our business. Furthermore, our agreement with our sponsoring banks gives the cretion in approving certain elements of our business practices, including our solicitation, application merchants, the terms of our agreements with merchants, the processing fees that we charge, our use of independent sales organizations and independent sales agents. We cannot guarantee that our these agreements will not be detrimental to us.

whom are our competitors, are necessary for the conduct of our business. The termination by our ements with us or their failure to perform these services efficiently and effectively may adversely merchants whose accounts we serve and may cause those merchants to terminate their processing

sponsors fail to adhere to the standards of the Visa® and MasterCard® bankcard associations, ciations could be terminated and we could be required to stop providing payment processing ard®.

ns NMS processes involve Visa® or MasterCard®. If we, our bank sponsors or our processors fail to ements of the Visa® and MasterCard® bankcard associations, Visa® or MasterCard® could suspend termination of our registration or any changes in the Visa® or MasterCard® rules that would impair to stop providing payment processing services, which would have a material adverse effect on our

increases in interchange and sponsorship fees. If we cannot pass along these increases to our ill be reduced.

ng subsidiary pays interchange fees or assessments to bankcard associations for each transaction we nd gift cards. From time to time, the bankcard associations

they charge processors and the sponsoring banks, which generally pass on such increases to us. If processing banks increase their fees as well. If we are not able to pass these fee increases along to merchants in our processing fees, our profit margins in this line of business will be reduced.

Merchant or cardholder data, whether through breach of our computer systems or otherwise, could result in financial losses.

As a payment processing subsidiary, we collect and store sensitive data about merchants and cardholders, and we store data relating to specific transactions, including payment, card numbers and cardholder addresses, for processing and for fraud prevention and other internal processes. If anyone penetrates our network security and obtains sensitive merchant or cardholder data, we could be subject to liability or business interruption. While we engage independent testing and review, we cannot guarantee that our systems will not be penetrated in the future. If a breach occurs, we may be subject to liability, including claims for unauthorized purchases with our merchants, impersonation or other similar fraud claims. Similar risks exist with regard to the storage and transmission of data to processors. In the event of any such a breach, we may also be subject to a class action lawsuit. Small businesses often face the complexities of safeguarding cardholder data than their larger counterparts. In the event of a breach, we could face fines from payment card networks. There can be no assurance that we will avoid any such fines from such customer.

When a merchant refuses or cannot reimburse charge-backs resolved in favor of their customers.

When a merchant and a cardholder is not ultimately resolved in favor of the merchant, the disputed transaction amount is banked and credited to the account of the cardholder. If we or our processing banks are unable to collect the amount from the merchant's account, or if the merchant refuses or is financially unable due to bankruptcy or other reasons to pay to the cardholder's bank for the charge-back, we bear the loss for the amount of the refund paid to the cardholder's bank for the products or services when purchased, so a contingent liability for charge-backs is unlikely to be limited to returned items. However, some of our merchants do not provide services until sometime after a sale, creating a potential for contingent liability and future charge backs. We and the sponsoring bank can require that merchants maintain reserves under our control to cover charge back liabilities but such reserves may not be sufficient to cover the amount available to us in the event of a bankruptcy or other legal action.

Customer or merchant fraud.

When a merchant's customer uses a stolen card (or a stolen card number in a card-not-present transaction) to make a purchase. In a traditional card-present transaction, if the merchant swipes the card, receives authorization from the issuing bank and verifies the signature on the back of the card against the paper receipt signed by the customer, the merchant remains liable for any loss. In a fraudulent card-not-present transaction, even if the merchant receives authorization from the issuing bank, the merchant is liable for any loss arising from the transaction. Many of our business customers are small businesses and a percentage of their sales over the Internet or by telephone or mail orders. Because their sales are more dispersed, these merchants are more vulnerable to customer fraud than larger merchants, and we could experience higher levels of cardholder fraud more frequently with these merchants.

When a merchant, rather than a customer, knowingly uses a stolen or counterfeit card or card number to record a sale. If the merchant intentionally fails to deliver the merchandise or services sold in an otherwise valid transaction. Anytime a merchant is charged with a charge-back, we are responsible for that

ired that a cash reserve be established. We cannot assure that the systems and procedures we have
he impact of merchant fraud are or will be effective. Failure to effectively manage risk and prevent
back liability and adversely affect our results of operations.

*s may fail due to factors beyond our control, which could interrupt our business or cause us to
our costs.*

operations of our computer network systems, software and our processors' data centers. Defects in
due to factors beyond our control could cause severe disruption to our business and other material
processing businesses.

of Website Hosting

itive industry in which technological change can be rapid.

ness and its related technology involve a broad range of rapidly changing technologies. Our
on which it is based may not remain competitive over time, and others may develop superior
ucts non-competitive without significant additional capital expenditures. Some of our competitors
substantially greater market presence as well as greater financial, technical, operational, marketing
ce than we do. In the event that such a competitor expends significant sales and marketing resources
y not be able to compete successfully in such markets. We believe that competition will continue to
sure on prices. Such pressure could adversely affect our gross margins if we are not able to reduce
h price reductions. There can be no assurances that we will remain competitive.

*ends on the efficient and uninterrupted operation of its computer and communications
cture.*

S against possible failure of its systems, interruptions could result from natural disasters, power loss,
ar backup generators, telecommunications failure, terrorist attacks and similar events. NTS also
from local, regional and national carriers whose service may be interrupted. Our business, financial
as could be harmed by any damage or failure that interrupts or delays our operations. There can be
will cover all of the losses or compensate NTS for the possible loss of clients occurring during any
vide service.

egrity of our infrastructure and the privacy of confidential information would materially affect

ally vulnerable to physical or electronic break-ins, viruses or similar problems. If our security
uld jeopardize the security of confidential information stored on NTS's systems, misappropriate
interruptions in NTS's operations. We may be required to make significant additional investments
remedy security breaches. Security breaches that result in access to confidential information could
e us to a risk of loss or liability. The security services that NTS offers in connection with customers
protection from computer viruses, break-ins and other disruptive problems. The occurrence of these
against NTS or us or liability on our part. These claims, regardless of their ultimate outcome, could
ld harm our business and reputation and impair NTS's ability to attract and retain customers.

Microsoft Corporation and others for the licenses to use software as well as other intellectual property

Business is built on technological platforms relying on the Microsoft Windows® products and other currently licenses. As a result, if we are unable to continue to have the benefit of those licensing upon which NTS's platform is built become obsolete, our business could be materially and adversely

Business Finance Businesses

Business financing businesses depend on outside financing to support their loan making and acquisition of credit lines for any reason would have a material adverse effect on our business, including but not guaranteed loan and receivables portfolios to pay down the lines. If funds from such sale were down the line of credit, the holding company and certain of its subsidiaries would be responsible for and again in December 2011 and 2013, the Company securitized a portion of its unguaranteed, 7(a) loans; the Company anticipates using securitizations to continue to fund future loan creation, securitizations continues to exist and future securitizations can be executed on an economic basis through a securitization potentially provides a long term funding source for the Company's SBA lender, the short term for funding SBA loans. Because its resources will be insufficient to maintain current our SBA lender to arrange a line to fund and warehouse the origination of unguaranteed, retained maturity date in February 2015, would materially impact our business. In addition, our receivables line of credit which has been extended to mature in February 2016. Loss of this line and our materially impact the business.

Guaranteed portion of SBA loans in the secondary market.

Such sales have resulted in our earning of servicing income. There can be no assurance that we will be able to continue originating these will exist for, or that we will continue to realize premiums upon the sale of the guaranteed portions

In the event of default on an SBA loan, our pursuit of subject to SBA approval, and where the SBA establishes that its loss is attributable to deficiencies in application has been prepared and submitted, the SBA may decline to honor its guarantee with respect to the recovery of damages from us. If we should experience significant problems with our failure to honor a guarantee or the cost to correct the problems could have a material adverse effect if the SBA declines to honor its guarantees with respect to SBA loans made by us since our acquisition of can be given that the SBA would not attempt to do so in the future.

Guaranteed loan programs could cut off an important segment of our business.

Since its existence since 1953, there can be no assurance that the federal government will maintain the SBA to guarantee loans at current levels. If we cannot continue making and selling the SBA will generate fewer origination fees and our ability to generate gains on sale of loans will decrease. If the agencies that guarantee these loans reach their internal budgeted limits and cease to guarantee

In addition, these

50

for loans. Also, Congress may adopt legislation that would have the effect of discontinuing or governmental programs could replace government programs for some borrowers, but the terms might change. If these changes occur, the volume of loans to small business and industrial borrowers of the types that guaranteed loans could decline, as could the profitability of these loans.

Assets would reduce our income and increase our expenses.

Assets in our SBA lending and receivable financing businesses rise in the future, it could adversely affect our earnings. Non-performing assets are primarily loans on which borrowers are not making their required payments because the customer has not made timely payment. Non-performing assets also include loans that have defaulted by the borrower to have smaller payments and real estate that has been acquired through foreclosure of other assets. If our financial assets are non-performing, we will have less cash available for lending and other

Reserves may not be sufficient to cover unexpected losses.

The behavior of our customers. In addition to our credit practices and procedures, we maintain a reserve for losses on our loan and accounts receivable portfolio, which management has judged to be adequate given the loans we originate and purchase. We periodically review our reserve for adequacy considering current economic conditions, our loss experience, levels of past due loans and non-performing assets, and we adjust our reserve accordingly. If the poor current economic conditions caused by the recession, our reserves may prove inadequate, which could have a negative effect on our financial condition and results of operations.

Decline in real estate values may be a weakness in the residential housing and commercial real estate markets.

Declines in residential home and commercial real estate values could impair our ability to collect on defaulted SBA loans secured by real estate. The value of our SBA loans as part of the collateral package.

Insurance Agency Business

Our ability to obtain insurance products, particularly property and casualty insurance companies, to supply the products marketed by our

insurance agency business. Property and casualty insurance companies typically provide that the contracts can be terminated by the supplier if we do not enter into satisfactory arrangements with these suppliers or the loss of these relationships for any reason. This could have a material adverse effect on the results of our new insurance business. Also, our inability to obtain these products at competitive prices could have a material adverse effect on our ability to compete with larger and better capitalized providers of such insurance services.

Changes in insurance regulations, our insurance agency business could be adversely affected.

Our insurance agency business is subject to comprehensive regulation in the various states in which we plan to conduct business. Our ability to satisfy these regulations and to obtain and maintain all required licenses and permits. Changes in insurance statutes and regulations could have a material adverse effect on us. Furthermore, the adoption of new insurance laws, changes in the interpretation and enforcement of current statutes and regulations or the expansion of insurance markets in states that have adopted more stringent regulatory requirements than those in which we currently conduct business could have a material adverse effect on us.

the commissions our insurance agency expects to earn on the sale of insurance products which commission rates set by insurers and the conditions prevalent in the insurance market.

commissions on the sale of insurance products. Commission rates and premiums can change based on competitive factors that affect insurance underwriters. In addition, the insurance industry has been subject to price competition due to excessive underwriting capacity and periods of favorable premium levels. We cannot predict the timing or extent of future changes in commission rates or premiums or the effect on the operations of our insurance agency.

Processing Business

Employee data, whether through breach of our computer systems or otherwise, could expose us to

our subsidiary, we collect and store sensitive data about individuals, in order to process the transactions. If anyone penetrates our network security or otherwise misappropriates sensitive individual data, we could experience business interruption. While we subject these systems to periodic independent testing and review, we cannot guarantee that our systems will not be penetrated in the future. If a breach of our system occurs, we may be subject to identity impersonation or other similar fraud claims. In the event of any such a breach, we may also be subject to significant violations of data privacy could result in the loss of business, litigation and regulatory action. This could damage our reputation, and the growth of our business could be adversely affected.

Disruptions that could adversely affect our business and reputation.

reliance on our payroll, financial, accounting and other data processing systems. If any of these systems becomes disabled even for a brief period of time, we could suffer financial loss, a disruption of our operations, regulatory intervention or damage to our reputation. We have disaster recovery plans in place to protect against natural disasters, security breaches, military or terrorist actions, power or communication failures or similar events. However, our disaster recovery plans may not be successful in preventing the loss of client data, service interruptions or damage to our operations or damage to our important facilities.

Changes in technology to meet client needs and preferences, the demand for our services may diminish.

technologies that are subject to rapid technological advances and changing client needs and preferences. In order to be responsive to client demands, we continually upgrade, enhance and expand our existing solutions and invest in new technologies. If we do not successfully address technology challenges, the demand for our services may diminish.

Our unreimbursed costs or damages due to delays in processing inherent in the banking system.

availability generally determines the availability of customer (employer) funds prior to making payments to our clients and such employer funds are generally transferred in to our accounts prior to making payments out. In the banking system however, there are times when we may make payroll or tax payments and not immediately receive the funds from the employer. There can be no assurance that the procedures we have in place to prevent these losses will be sufficient to prevent loss to our business.

Business

the credits they provide are created by state legislation and implemented through regulation, and any possible action to repeal or retroactively revise the programs for political, economic or other reasons could create substantial difficulty for the Capco programs and could, if ultimately successful, result in financial harm.

The Capco programs and provided to our Capcos investors are to be utilized by the investors over a period of ten years. Much can change during such a period and it is possible that one or more states may revise the programs. Any such revision or repeal could have a material adverse economic impact on our Capcos, either directly or through the actions of our insurers. Any such final state action that jeopardizes the tax credits could result in the loss of a substantial portion of the value of the Capco programs. We are assuming partial or full control of the particular Capco in order to minimize its liability under the programs and to protect the interests of our investors.

In Louisiana introduced such a proposed bill, on which no action was taken, and in Colorado in 2003 (and in 2002) its Capco program were introduced; the 2003 Colorado legislation was defeated in a legislative session. In 2004, Colorado legislation was adopted but implementing regulations made clear the application of the new rules was not intended. There can be no assurance that we will not be subject to further legislative or regulatory action that could impact our Capco business, or that we will be able to successfully challenge any such action.

the failure to meet these requirements could result in the loss of one or more Capcos.

For all applicable minimum requirements of the Capco programs in which we still participate, each Capco must invest 100 percent of its funds and otherwise remain in full legal compliance with the requirements until it has invested 100 percent of its funds and otherwise remained in full legal compliance. There can be no assurance that we will continue to be able to do so. A major regulatory violation, while not fatal to our business, could increase the cost of operating the Capcos.

Shares of Newtek MD and Newtek NY

For continued listing on the NASDAQ Capital Market our common shares could be required to maintain a minimum bid price for shares of \$1.00. As compliance with the minimum trading requirements is not guaranteed, and our control, there can be no assurance that the price will remain above \$1.00 indefinitely and, therefore, the threat of delisting can be avoided. In the event that the common shares are delisted, there can be no assurance that a market for our shares can be sustained or that current trading levels can be sustained or not.

the penny stock rules to our common shares if we are no longer listed on the NASDAQ Capital Market could result in the common shares, adversely affect the market price of our Common Shares and increase your investment risk.

If we are no longer listed on the NASDAQ Capital Market, as long as the trading price of our common shares is below \$5.00 per share, we will be subject to the penny stock rules, which impose additional sales practice requirements on our sales and distribution efforts to persons other than established customers and accredited investors and otherwise have the effect of reducing the liquidity of an investment in the common shares, reducing the liquidity of an investment in the common shares and increasing the risk of loss on sales and purchases.

current and one a former executive officer, beneficially own in the aggregate approximately 24% able to exercise significant influence over the outcome of most stockholder actions.

our understanding between them, because of their ownership of our shares, Messrs. Barry Sloane and have significant influence over actions requiring stockholder approval, including the election of members to the certificate of incorporation, approval of stock incentive plans and approval of major sale of assets. This could delay or prevent a change in control of our company, deprive our receive a premium for their common shares as part of a change in control and have a negative common shares.

common shares or other securities, including preferred shares, may dilute the per share book value of per adverse consequences to our common stockholders.

without the action or vote of our stockholders, to issue all or part of the approximately 19,000,000 of our common stock. Our business strategy relies upon investments in and acquisitions of businesses, including our common shares which number will increase as a result of the Reverse Stock Split. During each of the years from 2002 to 2005 involving the issuance of our common shares and we expect in the future using our common shares. Additionally, we anticipate granting additional options or employees and directors in the future. We may also issue additional securities, through public or private capital to support our growth, including in connection with possible acquisitions or in connection with investments in affiliated companies or Capcos. Future issuances of our common shares will dilute the value of current stockholders and could decrease the per share book value of our common shares. In the event our stockholders exercise their options at a time when we would otherwise be able to obtain additional equity capital on

the certificate of incorporation, our Board is authorized to issue, without action or vote of our stockholders, up to 10% of our common shares as blank check preferred shares, meaning that our board of directors may, in its discretion, cause the issuance of blank check preferred shares and fix the designations, preferences, powers and relative participating, optional and other rights and restrictions thereof, including the dividend rate, conversion rights, voting rights, redemption rights and to fix the number of shares to be included in any such series. The preferred shares so issued will have priority over common shares with respect to the payment of dividends or amounts upon liquidation, dissolution or winding up of the company. The shares of preferred stock may have class or series voting rights.

of blank check preferred shares could have an anti-takeover effect detrimental to the interests of

our corporation allows our Board to issue preferred shares with rights and preferences set by the Board without stockholder approval. The issuance of these blank check preferred shares could have an anti-takeover effect on our common stockholders. For example, in the event of a hostile takeover attempt, it may be possible for our Board to frustrate the attempt by issuing the preferred shares, thereby diluting or impairing the voting power of our common shares and increasing the potential costs to acquire control of us. Our Board has the right to issue any number of blank check preferred shares, without first offering them to the holders of common shares, as they have no preemptive

old company that sponsors and operates Capcos as a material part of its business. As such, there are no peer group comparisons for our Capco business, investors may have a difficult time understanding our business. This, in turn, may have a depressing effect on the value of our shares.

peer group comparisons for our Capco business, investors may have a difficult time understanding our business. This, in turn, may have a depressing effect on the value of our shares.

incorporation and New York law place restrictions on our stockholders ability to recover from our breaches of their duties.

Our amended and restated certificate of incorporation limits the liability of our directors for monetary damages to their fiduciary duty except for liability in certain instances. As a result of these provisions and the limitations upon their rights to recover from directors for breaches of their duties. In addition, our certificate of incorporation provides that we must indemnify our directors and officers to the fullest extent permitted by law.

Our internal controls over financial reporting may lead investors and others to lose confidence in our financial statements.

In connection with the preparation of the Company's financial statements for the fiscal year ended December 31, 2012, management concluded that there was a material weakness in the Company's internal controls over financial reporting related to accounting for one bank account holding funds belonging to a processing subsidiary. These material weaknesses made it possible for a former senior manager to utilize his knowledge of growing merchant processing chargeback losses among a group of merchants solicited by the Company. Following discovery, this resulted in the need for the restatement of the Company's financial statements for the year ended December 31, 2011, together with financial statements for the quarters ended March 31, 2012, June 30, 2012, and the periods over which these losses occurred.

These material weaknesses and has, among other things, replaced the manager responsible, strengthened its risk management team by hiring a very seasoned Chief Risk Officer, augmented its finance team and has implemented enhanced internal control procedures. If the Company fails to otherwise maintain effective controls over its internal controls over financial reporting, it could again result in a material misstatement of its financial statements that might not be prevented and which could then cause investors and others to lose confidence in the Company's financial statements, which could have a negative effect on the value of the Company's equity securities.

SPECIAL MEETING OF NEWTEK NY

Newtek NY Special Meeting

Special Meeting) will be held at the offices of Newtek NY at 212 West 35th Street, 2nd Floor, New York, NY 10018, on [] a.m., local time.

ies

Newtek NY will be voted in accordance with the direction given therein. If any other matters are presented at the Special Meeting as to which proxies confer discretionary authority, the persons named in the proxy will vote on such matters as determined by the Board. The proxies solicited by the Board confer authority on the persons named therein to vote with respect to matters incident to the conduct of the Special Meeting. Proxies marked as abstentions will not be counted as votes cast. Proxies marked as abstentions or as broker non-votes, however, will be treated as shares present for a quorum is present.

How to Vote on the Proposals?

Following methods:

Stockholders of record may submit proxies by completing, signing and dating each proxy card and placing it in the prepaid envelope. Sign your name exactly as it appears on the proxy. If you submit a proxy but do not indicate your voting preferences, your shares will be voted on your behalf for the proposals listed on the proxy. Stockholders who hold shares beneficially in street name may submit proxies by mail by completing, signing and dating the voting instruction forms provided by their brokers, banks or nominees.

Stockholders of record may submit proxies by following the telephone voting instructions on each proxy card. Stockholders who hold shares beneficially in street name may provide voting instructions by telephone by following the instructions specified on the voting instruction form provided by their brokers, banks or nominees. Please check the form for telephone voting availability. Please be aware that if you submit voting instructions by telephone, you may incur costs such as telephone access charges for which you will be responsible. The telephone voting facilities will close at 11:59 p.m., Eastern Time, the day before the Special Meeting date.

Stockholders of record with internet access may submit proxies by following the internet voting instructions on each proxy card. Most stockholders who hold shares beneficially in street name may provide voting instructions by following the instructions specified on the voting instruction form provided by their brokers, banks or nominees. Please check the form for internet voting availability. Please be aware that if you vote over the internet, you may incur internet access charges for which you will be responsible. The internet voting facilities will close at 11:59 p.m., Eastern Time, the day before the Special Meeting date.

Special Meeting Shares held in your name as the stockholder of record may be voted at the Special Meeting. Shares held beneficially in street name may be voted in person only if you obtain a legal proxy from the broker, who holds your shares giving you the right to vote the shares. *Even if you plan to attend the Special Meeting, you must submit your proxy or voting instructions or vote by telephone or the internet so that you also submit your proxy or voting instructions or vote by telephone or the internet so that your vote is counted if you later decide not to attend the Special Meeting.*

closed proxy card retain the right to revoke such proxies at any time prior to voting. Unless so properly executed proxies will be voted at the Special Meeting and all adjournments thereof. Prior to exercise by written notice to our Secretary or by the filing of a properly executed, proxies will not be voted if a stockholder attends the Special Meeting and votes in person. The presence of a stockholder alone will not revoke such stockholder's proxy.

Shares entitled to vote at the Special Meeting consist of the issued and outstanding shares of Newtek NY's common stock, (the "Shares"). Stockholders of record as of the close of business on [], 2014 (the "Record Date") are entitled to vote on all matters. As of the Record Date, [] Shares were issued and outstanding (excluding treasury shares). The presence, in person or by proxy, of at least a majority of the total number of Shares will be necessary to constitute a quorum at the Special Meeting.

Stockholders who own 5% or more of the Shares are required to file certain reports regarding such ownership with the SEC.

Proposal I – Approval of the Reincorporation Transaction requires the affirmative vote of a majority of the Shares entitled to vote at the Special Meeting. Abstentions and Broker Non-Votes will have the effect of a vote against the proposal.

Proposal II – Approval of the Reverse Stock Split requires the affirmative vote of a majority of the Shares entitled to vote at the Special Meeting. Abstentions and Broker Non-Votes will have the effect of a vote against the proposal.

Proposal III – Approval to Sell Shares Below Net Asset Value requires the affirmative vote of (1) a majority of the Shares entitled to vote at the Special Meeting; and (2) a majority of the outstanding Shares entitled to vote at the Special Meeting held by affiliated persons of us, which includes our officers, directors, employees, and 5% share holders. For purposes of this proposal, as regulated as a BDC under the 1940 Act, the 1940 Act definition of "a majority of the outstanding shares" shall be a majority of the outstanding Shares of this proposal. The 1940 Act defines "a majority of the outstanding shares" as: (1) 67% or more of the outstanding Shares of the Special Meeting if the holders of more than 50% of the outstanding voting securities of such company are present in person or by proxy; or (2) 50% of the outstanding voting securities of the company, whichever is less. Abstentions and Broker Non-Votes will have the effect of a vote against this proposal.

Proposal IV – Approval of a New Equity Compensation Plan requires the affirmative vote of a majority of the Shares entitled to vote at the Special Meeting. Abstentions are treated as Shares cast and will be counted as a vote "Against" the proposal. Broker Non-Votes will not be included in determining the number of Shares cast and, as a result, will have no effect on the outcome of the vote.

Proposal V – Approval to Adjourn to Solicit Additional Votes requires the affirmative vote of a majority of the Shares entitled to vote by proxy at the Special Meeting. Abstentions are treated as Shares cast and will be counted as a vote "Against" the proposal. Broker Non-Votes will not be included in determining the number of Shares cast and, as a result, will have no effect on the outcome of the vote.

If the stockholders approve any proposals at the Special Meeting, the stockholders who are represented may adjourn the Special Meeting for the further solicitation of proxies if Proposal V is approved.

proxies identifying individual stockholders are private except as necessary to determine compliance with applicable laws, in a contested proxy solicitation or in the event that a stockholder makes a written request for a copy of the proxy materials to be attached to it.

Stockholder Communications

Costs will be borne by the Company. The Company will reimburse brokerage firms and other custodians, for reasonable expenses incurred by them in sending proxy material to the beneficial owners of Shares. In addition, directors, officers and regular employees of the Company may solicit proxies personally, by telephone or in person, without additional compensation. The Company has engaged Georgeson and Company as its proxy solicitor.

Stockholder communications to the Board to the attention of the Board of Directors, c/o Newtek Business Development, 2nd Floor, New York, New York 10001. Stockholder communications must be signed by the stockholder and the number of Shares held by the stockholder. Each properly submitted stockholder communication will be reviewed by the Board. If such communication requires more immediate attention, it will be forwarded to the Board.

PROPOSAL I APPROVAL OF THE REINCORPORATION TRANSACTION

The Reincorporation Transaction for the purpose of reincorporating the Company in the state of Maryland and the Company to be regulated as a BDC under the 1940 Act. The Merger Agreement that will effect the Reincorporation Transaction is included as *Appendix A* to this Proxy Statement/ Prospectus. As a result of the Reincorporation Transaction, Newtek MD will succeed to Newtek NY's operations as the sole surviving entity. Officers and directors immediately before the Reincorporation Transaction will become Newtek MD's officers and directors of the Company, we, us or our refer to Newtek NY prior to the Reincorporation Transaction and Newtek MD after the Reincorporation Transaction.

The Board believes that approval of the Reincorporation Transaction is in the best interests of the Company and has approved the Reincorporation Transaction.

If the Reincorporation Transaction is approved by the stockholders of the Company, stockholders who dissent from the Reincorporation Transaction will not be entitled to appraisal rights with respect to their Shares.

Election or take action on any other proposal included in this Proxy Statement/ Prospectus, unless our stockholders approve this Proposal I and each of the other proposals set forth herein, we will not reserve any additional rights to effectuate the BDC Election.

Reincorporation Transaction

on Transaction is to change the Company's state of incorporation from New York to Maryland so the MGCL rather than by the NYBCL. In connection therewith, the Company will adopt a new believes that this new corporate structure will best position the Company to operate as an investment proposed BDC Election. Specifically, the MGCL provides administrative advantages and operating nies that are not permissible under the NYBCL. In addition, the MGCL contains a

ent company precedent that may be relevant in deciding issues pertaining to the Company's
 2, 2014, seven out of the ten largest BDCs, based on market capitalization, were organized under the
 charter and bylaws will provide us greater flexibility in managing our capital structure.

on is approved and effectuated, we intend to file an election to be regulated as a BDC under the 1940
 internally managed, non-diversified closed-end investment company. We also intend to elect to be
 company (RIC) under Subchapter M of the Internal Revenue Code (the Code) for U.S. federal
 with our 2015 taxable year, which is our first taxable year that begins after our election to be a BDC.
 have to pay corporate-level federal income taxes on any ordinary income or capital gains that we
 e will be taxed as a regular corporation (a C corporation) under subchapter C of the Internal
 U.S. federal income tax purposes for our 2014 taxable year as the RIC election will be effective as of
 mplete the Reincorporation Transaction and make the BDC Election unless our shareholders approve

only certain provisions of the 1940 Act. We will also continue to be subject to the Securities Act of
 ies Act, and the Exchange Act. In general, BDCs make investments in private or thinly-traded public
 rm debt or equity capital, with the goal of generating current income and/or capital growth. As a
 small business financing platform by making debt and equity investments directly, as well as through
 se we will be internally managed by our executive officers, under the supervision of our Board of
 a third party investment advisor, we will not pay investment advisory fees and all of our income
 ating costs and to make distributions to our stockholders. NSBF, a primary component of our small
 ontinue to be treated as our consolidated subsidiary, and CDS, another component of our small
 as a non-consolidated portfolio company. Upon effectuating the BDC Election, certain of our
 including but not limited to NMS and NTS, will be treated as non-consolidated portfolio companies
 nies). The revenues that our controlled portfolio companies generate, after deducting operational
 buted to us in the form of dividend or interest income in connection with our equity or debt
 BDC, our board of directors will determine quarterly the fair value of our controlled portfolio
 our other investments.

ur organizational structure following the BDC Election:

tion, we intend to undertake a public offering of BDC Shares of up to \$50 million in the Proposed Offering will be used primarily to expand our small business finance platform, make companies in accordance with our investment objective and strategies described herein and for general assure you when the Proposed Offering will be completed, or if completed, that the Proposed liquidity to meet our investment objective. The size of the Proposed Offering could be material, and effect on our existing stockholders. This Proxy Statement/ Prospectus is not an offer to sell securities may not be offered or sold in the United States absent registration with the SEC or an applicable requirements.

BDC and RIC will provide us with a business structure that will allow us to operate as an our lending activities as well as allow us to build a collateral base that we believe will provide us As a BDC, a significant portion of the Company's cost of capital will be comprised of its cost of Company's debt will be drawn from revolving credit facilities underwritten by banks. Funds drawn priced at a modest margin over a benchmark interest rate, such as LIBOR. Given the depression of generally enjoyed access to lower interest rates on their revolving credit facilities in recent years. medium term publicly-traded notes, which also provide capital at lower interest rates, in some cases ner than the interest rates of a revolving credit facility. Upon completing the BDC Election, the able to access these methods of debt financing to lower its overall cost of capital. As a BDC, we will come and capital appreciation primarily through loans originated by our small business finance ents in certain portfolio companies that we control. While our primary investment focus as a BDC sinesses, we may also make opportunistic investments in larger or smaller companies. As a BDC, we lending practices will differ from the current lending practices of NSBF, although given the our lending activities without regard to our overall assets as an investment company, we intend such greater portion of our operations as we expand our small business finance platform. We expect our ill provide us with an extensive network of business relationships that will supplement our referral help us to maintain a robust pipeline of lending opportunities and expand our small business finance e our controlled portfolio companies combined with our small business finance platform will iness relationships that will allow us to cross-sell our financing options and further establish us as a esses.

o meet regulatory tests, including the requirement to invest at least 70% of our gross assets in assets generally include securities of private or thinly traded public U.S. companies and cash, cash securities and high-quality debt investments that mature in one year or less. We intend to invest ce we elect to become a BDC, although we may invest from time to time in non-qualifying assets on nt we believe doing so would be accretive to our shareholders. In addition, as a BDC, we will not be nless immediately after such borrowing we have an asset coverage for total borrowings of at least ay not exceed 50% of the value of our total assets). The 1940 Act also contains prohibitions and as between BDCs and their directors and officers and principal underwriters and certain other related ity of the directors be persons other than interested persons, as that term is defined in the 1940 Act. des that we may not change the nature of our business so as to cease to be, or to withdraw our ed by a majority of our outstanding voting securities. See Regulation as a Business Development

ion for our 2014 taxable year and we intend to elect to be treated as a RIC beginning with our 2015 ally will not have to pay corporate-level federal

ome or capital gains that we distribute to our stockholders. Following the Reincorporation e as we are taxed as a C corporation, we expect to make distributions in an amount approximately believe this will allow us to maintain a consistent distribution rate before and after electing to be quarterly distributions during our first full year of operations as a BDC to be at an annual rate equal estimated net asset value. To obtain and maintain our RIC tax treatment, we must meet specified sification requirements and distribute annually at least 90% of our ordinary income and realized net of realized net long-term capital losses, if any. See Material U.S. Federal Income Tax

pany and BDC involves a number of risks. See Risk Factors.

and RIC will have certain consequences on our balance sheet and net asset value, as shown in the below. In particular, the primary such consequence of the BDC Election will be the reporting for erating subsidiaries as non-consolidated portfolio companies held as investments, at fair value, as al structure diagram.

s of operations and balance sheet data have been derived from the audited financial statements for ember 31, 2013 and the six-month unaudited period ended June 30, 2014. The historical information ur future performance.

FISCAL YEARS ENDED					SIX MONTHS
December 31,	December 31,	December 31,	December 31,	December 31,	ENDED
2009	2010	2011	2012	2013	June 30,
					2014
(In Thousands Except for Per Share Data)					
\$ 69,654	\$ 80,920	\$ 82,473	\$ 85,483	\$ 89,651	\$ 44,690
18,846	19,164	19,181	18,208	17,375	8,101
1,652	2,428	12,468	12,367	19,456	10,129
1,735	1,903	2,629	3,422	4,838	3,129
1,625	2,568	3,101	6,862	6,565	5,283
7,837	2,380	1,390	522	113	28
811	886	1,071	1,205	1,737	801
3,551	2,470	3,026	3,061	3,858	2,054
105,711	112,719	125,339	131,130	143,593	74,215
	3,494	(5,493)	(1,013)	(1,226)	(1,147)
			(111)		
900	38	(131)	3	21	
900	3,532	(5,624)	(1,121)	(1,205)	(1,147)

FISCAL YEARS ENDED					SIX MONTHS
December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013	ENDED June 30, 2014
(In Thousands Except for Per Share Data)					
\$ 58,312	\$ 68,187	\$ 69,389	\$ 72,183	\$ 75,761	\$ 37,937
18,375	19,391	21,042	22,314	24,360	13,301
10,350	4,479	3,416	4,495	5,863	5,225
5,847	4,709	3,955	3,036	3,284	1,751
1,833	1,909	763	810	1,322	(66)
15,896	16,699	19,122	17,732	20,729	10,415
110,613	115,374	117,687	120,570	131,319	68,563
(4,002)	877	2,028	9,439	11,069	4,505
(2,593)	(418)	(1,195)	3,882	3,918	1,760
(1,409)	1,295	3,223	5,557	7,151	2,745
980	144	112	86	377	40
\$ (429)	\$ 1,439	\$ 3,335	\$ 5,643	\$ 7,528	\$ 2,785

FISCAL YEARS ENDED					SIX MONTHS
December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013	ENDED June 30, 2014
(In Thousands Except for Per Share Data)					
35,644	35,655	35,706	35,523	35,295	35,482
35,644	35,801	36,073	36,747	37,905	38,462
\$ (0.01)	\$ 0.04	\$ 0.09	\$ 0.16	\$ 0.21	\$ 0.08
\$ (0.01)	\$ 0.04	\$ 0.09	\$ 0.15	\$ 0.20	\$ 0.07
period):					
	\$ 3,324	\$ 24,055	\$ 43,951	\$ 83,685	\$ 98,033
\$ 136,082	\$ 165,015	\$ 129,795	\$ 152,742	\$ 198,612	\$ 200,896

Edgar Filing: BEMIS CO INC - Form 424B2

\$ 16,298	\$ 28,053	\$ 13,565	\$ 39,823	\$ 41,218	\$ 43,613
\$	\$ 15,104	\$ 26,368	\$ 22,039	\$ 60,140	\$ 54,959

62

	FISCAL YEARS ENDED					SIX MONTHS
	December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013	ENDED June 30, 2014
	(In Thousands Except for Per Share Data)					
of	\$ 51,947	\$ 35,494	\$ 16,948	\$ 8,703	\$ 3,641	\$ 2,898
	\$ (3,634)	\$ (3,002)	\$ 170	\$ 2,318	\$ 3,606	\$ 4,171
	\$ 1,615	\$ 1,309	\$ 1,180	\$ 2,055	\$ 1,665	\$ 1,592
	\$ 54,027	\$ 55,594	\$ 59,153	\$ 68,902	\$ 77,009	\$ 80,564
ear	35,648	35,666	35,702	35,178	35,385	35,619
	\$ 1.52	\$ 1.56	\$ 1.66	\$ 1.96	\$ 2.18	\$ 2.26

ion

, Merger Agreement and BDC Election were approved and recommended for stockholder approval [], 2014. The terms and conditions of the Reincorporation Transaction are set forth in the Merger Statement/ Prospectus, and the summary provided herein is qualified by reference to the full text of consummation of the Reincorporation Transaction, Newtek MD will survive under the name Newtek Newtek NY will cease to exist. The Reincorporation Transaction will change the state of incorporation result in a change in the principal offices, business, management, capitalization, assets or liabilities of Newtek MD will succeed to all of the assets and assume all of the liabilities of Newtek NY. The NY will be the officers and directors of Newtek MD. Subject to approval of the NASDAQ Stock Market will continue to trade on the NASDAQ Capital Market under the ticker symbol NEWT.

will become effective upon the filing of the Articles of Merger with the Maryland State Department of the Certificate of Merger with the Secretary of State of New York, or a later date as specified by anticipated to be made immediately prior to the BDC Election, but not later than the one year Special Meeting. Upon the effectiveness of the Reincorporation Transaction, each outstanding Share into one fully paid and non-assessable share of Newtek MD.

ction, the rights of stockholders and the Company's corporate affairs will be governed by the MGCL of Amendment and Restatement (the Maryland Articles) and Bylaws (the Maryland Bylaws, and Articles, the Maryland Charter Documents) instead of the NYBCL and Newtek NY's Restated Certificate of New York Certificate) and Bylaws (the New York Bylaws, and together with the New York Charter Documents). Material differences are discussed below under Comparison of Stockholders Rights Corporate Law and Charter Documents. The New York Charter Documents are available for Newtek NY at the offices of the Company at 212 West 35th Street, 2nd Floor, New York, New York

g issued and outstanding Shares will continue to represent the same number of BDC Shares, and for all corporate purposes to evidence ownership of shares of Newtek MD common stock. Newtek preferred stock issued and outstanding, therefore no shares of preferred stock of Newtek MD will be Reincorporation Transaction.

**SEND IN ANY OF YOUR STOCK CERTIFICATES REPRESENTING SHARES OF THE
NEWTEK NY COMMON STOCK, AS IT WILL NOT BE NECESSARY FOR STOCKHOLDERS TO
REPLACE ANY OF YOUR COMMON STOCK CERTIFICATES FOR MARYLAND CORPORATION COMMON**

to acquire a certificate reciting the name Newtek Business Services Corp. and referring to the Reincorporation Transaction, after the effective date of the Reincorporation Transaction, the stockholder may do so by sending a request to the transfer agent for the Maryland Corporation with a request for a replacement certificate and a fee. The transfer agent for Newtek NY and Newtek MD is:

American Stock Transfer and Trust Company, LLC

6201 15th Ave., Brooklyn, New York 11219

Consequences of the Reincorporation Transaction

This section summarizes certain U.S. federal income tax consequences relating to the Reincorporation Transaction as of the date of this prospectus. Except where noted, this summary deals only with a stockholder who holds common stock.

U.S. holder means a beneficial owner of common stock who is any of the following for U.S. federal income tax purposes: (1) an individual who is a citizen or resident of the United States, (2) a corporation (or any other entity or arrangement treated as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States, any state thereof, or the District of Columbia, the income of which is subject to U.S. federal income taxation regardless of its source or (3) an estate or trust that is subject to the primary supervision of a court within the United States and one or more U.S. persons control or exercise control over its substantial decisions or (b) it has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

(including a partnership classified as a partnership for U.S. federal income tax purposes) is the beneficial owner of common stock. The tax treatment of a partner in the partnership will generally depend on the status of the partner and the tax consequences of the Reincorporation. Partnerships that hold common stock, and partners in such partnerships, should consult their own tax advisor regarding the tax consequences of the Reincorporation.

Provisions of the Code, and regulations, rulings and judicial decisions as of the date of this Proxy Statement, and recent developments in U.S. federal income tax law, including changes in law or differing interpretations of the law, could result in U.S. federal income tax considerations different from those described herein. This Proxy Statement does not represent a detailed description of the U.S. federal income tax consequences to a stockholder in its particular circumstances. In addition, it does not represent a description of the U.S. federal income tax consequences to a stockholder who is subject to special treatment under the U.S. federal income tax laws and does not apply to stockholders who may be subject to special tax rules, such as: financial institutions; investment trusts; regulated investment companies; grantor trusts; tax-exempt organizations; dealers in securities; stockholders who hold common stock as part of a position in a straddle or as part of a hedging, arbitrage or other transaction for U.S. federal income tax purposes or U.S. holders that have a functional currency other than the U.S. dollar; or actually or constructively own 10% or more of our Company's voting stock; or a non-U.S. holder of common stock of a controlled foreign corporation or passive foreign investment company. Moreover, this description does not address the U.S. federal gift tax, alternative minimum tax or other tax consequences of the Reincorporation Transaction.

Reincorporation Transaction pursuant to the Merger Agreement will be a tax-free reorganization. Accordingly, a U.S. Holder will not recognize gain or loss in respect of the U.S. Holder's common stock in the Reincorporation Transaction. The U.S. Holder's basis in a BDC Share will be the same as U.S. Holder's basis in the BDC Share immediately prior to the Reincorporation Transaction. The U.S. Holder's holding period in a BDC Share will be the holding period which the Holder held the corresponding Share prior to the Reincorporation Transaction, and the U.S. Holder will treat the corresponding Share as a capital asset at the time of the Reincorporation Transaction. In addition, Newtek MD will recognize gain or loss as a result of the Reincorporation Transaction, and Newtek MD will carry over the tax attributes of Newtek NY.

The Company expects to receive prior to the Special Meeting, an opinion of counsel with respect to the federal tax consequences of the Reincorporation under the Code. This summary is not binding on the IRS and there can be no assurance that the IRS (or the courts, in the event of an IRS challenge) will agree with the conclusions stated herein. A successful IRS challenge to the tax status of the Reincorporation would result in a stockholder recognizing gain or loss with respect to the Reincorporation Transaction equal to the difference between the stockholder's basis in such Shares and the fair market value of the BDC Shares received in exchange therefor. In such event, the stockholder's basis in the BDC Shares received in the exchange would equal their fair market value on such date, and the holding period for such shares would not include the period during which the stockholder held Shares prior to the Reincorporation Transaction.

The tax consequences to stockholders may vary from the federal tax consequences described above. Stockholders should consult their own tax advisors as to the effect of the Reincorporation Transaction under applicable federal, state, and local law.

The conversion of Newtek NY common stock will be completed only after the Reverse Stock Split has occurred. At the effective time of the conversion, the common stock of Newtek NY, par value \$0.02 per share, will automatically be converted on a one-for-one basis into common stock of Newtek MD, par value \$0.02 per share (the Maryland common stock), at the effective time of the conversion, as required by the stockholders.

The Company's equity compensation plans will become fully vested in connection with the Reincorporation Transaction. Outstanding option awards with an exercise price less than the value of a share immediately prior to the Reincorporation Transaction will be deemed exercised in full by the Company in exchange for common stock of the Company immediately prior to the Reincorporation Transaction. The cashless exercise of such awards will be converted into common stock of Newtek MD in the Reincorporation Transaction. Outstanding option awards with an exercise price greater than the value of a share immediately prior to the merger will be converted into cash in the Reincorporation Transaction. The Company expects to implement a new equity compensation plan after the Reincorporation Transaction. The Company expects to issue new incentive awards after it has effectuated the Reincorporation Transaction and will provide a detailed discussion of our proposed equity compensation plan.

The Reincorporation Transaction will involve entities under common control and is expected to be accounted for similar to the management of Newtek NY will be the management of Newtek MD after the Reincorporation Transaction. The Reincorporation Transaction will not be accounted for as a business combination no goodwill is expected to be recognized. The costs associated with raising capital will be accounted for as a reduction of additional paid-in capital.

associated with the conversion to a BDC will be expensed as incurred.

Reincorporation Transaction, and specifically the elections to be regulated as a BDC and treated as a RIC for the purpose of declaring and paying a special dividend to its stockholders (the "Special Dividend"). To qualify as a RIC, the Company must distribute by the end of the first taxable year that we elect to be treated as a RIC all of our accumulated earnings and profits for the taxable years that we were taxed as a C corporation. The Special Dividend is expected to allow us to distribute the amount of the Special Dividend that the Company cannot determine the amount of its accumulated C corporation earnings and profits for the first taxable year, the aggregate amount of the Special Dividend will equal the amount of such accumulated earnings and profits as of such date. Following the Reincorporation Transaction, the Company expects to make distributions of approximately equal to its pre-tax income. The portions of any such distributions that exceed the amount of the Special Dividend will have the effect of reducing the amount of the Special Dividend. The timing of the payment of the Special Dividend is determined at the discretion of the Board, but in all events, the Special Dividend will be paid no later than the end of the first taxable year that we anticipate that we will qualify as RIC. At the discretion of the Board, the Special Dividend may be paid in more than one installment. In addition, at the discretion of the Board, the Special Dividend may be paid in installments to the election of shareholders subject to an aggregate minimum amount of cash payable in the distribution. If the aggregate amount of cash to be distributed to all shareholders electing to receive their distribution in cash would exceed the aggregate limit on the amount of cash that a shareholder electing to receive their distribution in cash will receive a pro rata share of the cash to be distributed in such a distribution and the remainder of their distribution in Shares. The aggregate cash to be distributed in such a distribution will be the aggregate distribution. For more information on the tax consequences of the Special Dividend, see "Tax Considerations of a BDC – Taxation of the Special Dividend."

Our merger with the Company has received all required consents of governmental authorities, including the Maryland State Department of Assessments and Taxation, and the filing and approval of the merger with the Secretary of State of New York, and satisfied applicable requirements of the

Capital Stock and Voting Rights

The authorized capital stock of Newtek NY consists of 54,000,000 Shares of common stock, \$0.02 par value per Share, and 1,000,000 Shares of preferred stock, \$0.02 par value per share. On the Record Date, there were [35,380,888] Shares of Newtek NY outstanding and in effect to the proposed Reverse Stock Split, constituting the only class of stock outstanding and each Share entitles the holder thereof to one vote. On the Record Date, there were no shares of Newtek NY outstanding.

The authorized capital stock of Newtek MD consists of 200,000,000 BDC Shares, par value of \$0.02 per share, of which may be reclassified by Newtek MD's Board into preferred stock.

Each outstanding Share of Newtek NY's common stock will be exchanged for one BDC Share. The relative rights of Newtek NY stockholders relative to one another will not be affected by the Merger.

Reincorporation Transaction

We have not abandoned the Merger Agreement and thus the Reincorporation Transaction and take no further action to effect the Reincorporation Transaction in Maryland at any time before the effective date of the Reincorporation Transaction.

approval, if for any reason the Board determines that it is not advisable to proceed with the transaction, such a determination may be made for reasons such as, but not limited to, a change in the Company's operating conditions in the overall business environment. We will only complete the Reincorporation Transaction if we receive the BDC election promptly thereafter.

Rights Under Maryland and New York Corporate Law and Charter Documents

At the effective time of the Reincorporation Transaction as set forth in the Merger Agreement (the "Effective Time"), the Company will change its jurisdiction of incorporation from New York to Maryland and will thereafter be governed by the Maryland Charter Documents. Upon the filing with and acceptance by the Maryland State Department of Taxation of the Articles of Merger in Maryland and the filing with and acceptance by the Secretary of State of the Certificate of Merger in New York, Newtek NY will be merged with and into Newtek MD, and the Newtek NY will be deemed for all purposes to evidence ownership of, and to represent, BDC Shares of

the Company and the Maryland Charter Documents will effectively replace the New York Charter Documents. Certain actions that are allowed under the NYBCL are allowed and/or provided for under the MGCL, as indicated below and the Company will resolve such discrepancies. All changes were made to better align the Company's governing documents with the laws of Maryland. As explained below the MGCL contains certain provisions that the Company, and the Board of Directors, believe to be better suited to the operation of a BDC. For example, a Maryland corporation may have a charter that increase or decrease the aggregate number of shares of stock that it is authorized to issue. In addition, at the Effective Time, holders of common stock of Newtek NY will become holders of common stock of Newtek MD, which will result in their rights as stockholders being governed by the laws of the State of Maryland,

and there are no material differences between the rights of stockholders under the New York Charter Documents and the Maryland Charter Documents.

Rights of Newtek MD Stockholders

Newtek MD is authorized to issue 200,000,000 shares of stock, consisting of 200,000,000 shares of common stock, \$0.02 par value per share.

A majority of the entire Board may amend the Maryland Articles to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series without stockholder approval.

Rights of Newtek NY Stockholders

Newtek NY is authorized to issue 55,000,000 shares of stock, consisting of 54,000,000 shares of common stock, \$0.02 par value per share, and 1,000,000 shares of preferred stock, \$0.02 par value per share.

The preferred stock may be issued from time to time in one or more series. The Board may establish and designate series of the preferred stock and to fix number of shares and the relative rights, preferences and limitations as

The Board may classify any unissued shares of stock and reclassify any previously classified but unissued shares of stock of any class or series into one or more classes or series of stock, including Preferred Stock.

**Rights of Newtek MD
Stockholders**

A majority of the entire Board may increase the number of directors and fill any vacancy, provided that the number of directors will never be less than the minimum number required by the MGCL.

Subject to the rights of holders of one or more classes or series of the Preferred Stock to elect or remove directors, any director or the entire Board may be removed from office, but only for cause and by affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of directors.

Pursuant to Subtitle 8 of Title 3 of the MGCL, Newtek MD has elected to provide that any vacancy may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy will serve for the remainder of the full term of the class in which the vacancy occurred and until a successor is duly elected and qualifies.

The Board has the exclusive power to make, alter, amend or repeal the Maryland Bylaws.

**Rights of Newtek NY
Stockholders**

The Board may increase or decrease the number of directors, provided that the number of directors will never be less than three nor more than eleven.

Except as otherwise provided in the New York Certificate or in the New York Bylaws, any director may be removed, either with or without cause, by the affirmative vote of a majority of the votes of the issued and outstanding shares of stock entitled to vote for the election of directors of Newtek NY given at a special meeting of the shareholders called and held for that purpose.

Vacancies occurring in the Board for any reason (other than vacancies created by reason of the removal of directors without cause) may be filled by a majority of the directors then in office, though less than a quorum or by a sole remaining director, and the directors so chosen will hold office until the next annual election and until their successors are duly elected and shall qualify.

The shareholders or the board of directors have the power to adopt, alter, amend or repeal the New York Bylaws.

**Rights of Newtek MD
Stockholders**

**Rights of Newtek NY
Stockholders**

ale of Assets

Newtek MD may merge, consolidate, exchange shares, sell or exchange all or substantially all of its assets, or engage in similar transactions outside the ordinary course of business only if such transaction is approved by the affirmative vote of stockholders entitled to cast at least a majority of the votes entitled to be cast on the matter, each voting as a separate class.

Newtek MD may liquidate or dissolve, or amend the MD Articles to effect any liquidation or dissolution, only upon approval by the affirmative vote of stockholders entitled to cast at least a majority of the votes entitled to be cast on the matter, each voting as a separate class.

A Newtek MD stockholder has no appraisal rights unless the Board upon the affirmative vote of a majority of the entire Board, determines that such rights apply to all or any classes or series of stock, or any proportion of the shares thereof, to a particular transaction occurring after the date of such determination in connection with which holders of such shares would otherwise be entitled to exercise such rights.

Newtek MD does not grant preemptive rights except as may be provided the Board in setting the terms of classified or reclassified shares of stock or as otherwise provided by contracts.

	Rights of Newtek MD Stockholders	Rights of Newtek NY Stockholders
Rights	A Newtek MD stockholder who is otherwise eligible under applicable law to inspect Newtek MD's books and records has no such right if the Board determines that such stockholder has an improper purpose for requesting such inspection.	
Vote	Each share of common stock entitles the holder thereof to one vote. The Board may reclassify any unissued shares of common stock into one or more classes or series of stock.	
Quorum	The presence in person or by proxy of the holders of shares of stock of Newtek MD entitled to cast a majority of the votes entitled to be cast (without regard to class) constitutes a quorum at any meeting of the stockholders, except with respect to any such matter that, under applicable law, requires approval by a separate vote of one or more classes of stock, in which case the presence in person or by proxy of the holders of shares entitled to cast a majority of the votes entitled to be cast by each such class on such matter constitutes a quorum.	The presence in person or by proxy of the holders of a majority of the votes of the shares of stock of Newtek NY issued and outstanding and entitled to vote at the meetings of the shareholders constitutes a quorum, except when shareholders are required to vote by class, in which event the presence in person or by proxy of the holders of a majority of the issued and outstanding shares of the appropriate class constitutes a quorum.
	The Board is divided into three classes of directors serving staggered three-year terms, with each class to be as nearly equal in number as possible as determined by the Board.	
	of the differences between the laws of the states of Maryland and New York. The following is a comparison of the stockholders under New York and Maryland law and under the New York and Maryland law is qualified in its entirety by reference to the full text of such documents and laws, and the New York Charter Documents and the Maryland Charter Documents and the relevant provisions of law directly for a more thorough comparison.	

corporation

certain ministerial changes to the certificate of incorporation that may be implemented by a without stockholder action, and except to the extent that a certificate of incorporation requires the votes than is required under the NYBCL, a certificate of incorporation may be amended only if and by the vote of the holders of a majority of the shares of stock entitled to vote on such matters that if a particular class or series of stock is adversely affected by certain types of amendments, that authorize, by voting separately as a class or series, such amendment in order for it to become a corporation to require a higher proportion of votes in order to authorize amendments to a certificate in the certificate.

corporation generally cannot amend its charter unless the action is advised by its board of directors (a vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter, or at least a majority of all of the votes entitled to be cast on the matter) is specified in the Maryland Articles provide that most amendments to our charter require approval by a majority of all of the matter.

to provide in its charter that the board of directors, with the approval of a majority of the entire board, stockholders, may approve amendments to the charter to increase or decrease the aggregate number of shares. The board is authorized to issue or reclassify the number of shares of stock of any class or series that the board may determine. As stated above, the Maryland Articles provide the board of directors with such power, while the

the corporation's bylaws may be amended by the vote of the holders of a majority of the votes cast with respect to a majority of the shares outstanding) or, if permitted under the corporation's certificate of incorporation, by the board of directors. The New York Certificate provides that the stockholders or the board of directors may amend the New York Bylaws. The New York Bylaws provide that they may be amended at any annual or special meeting of the stockholders by a majority of the total votes of the stockholders or when stockholders are required to vote by a majority of the votes of the stockholders of the appropriate class, present in person or represented by proxy and entitled to vote on such action.

The power to adopt, alter, and repeal the bylaws of a corporation is vested in the stockholders except to the extent that the board of directors is authorized to do so. A provision conferring upon the directors, rather than the stockholders, the power to amend the bylaws may be included in the charter or bylaws of a corporation. The Maryland Articles and the New York Certificate provide the exclusive power, at any time, to adopt, alter or repeal any provision of the bylaws or make

of Stockholders

The board of directors or anyone authorized in the certificate of incorporation or bylaws may call a special meeting of the stockholders. The New York Bylaws provide that special meetings of stockholders may be called at any time by the board or the President.

The board of directors, the president or any other person authorized in the corporation's charter or bylaws may call a special meeting of the stockholders. Unlike the NYBCL, the MGCL specifically empowers stockholders to call a special meeting. The board of directors is required to call a

upon the written request of holders of at least 25% of the voting stock of the corporation. Such provisions are subject to the provisions of the bylaws or charter of a corporation, but may not exceed a majority of the voting stock of the corporation. This provision applies to a Maryland corporation that has a class of equity securities registered under the Exchange Act and to a corporation that elects to be treated as a corporation under the Exchange Act, by action of its board of directors and without violating any contrary provision of the charter or bylaws, to elect to increase the percentage to a majority of the voting stock of the corporation.

Special meetings of stockholders may be called by either the Chairman of the Board, the chief executive officer, or the Secretary of the Board. In addition, a special meeting of stockholders must be called by the secretary of the corporation if a majority of the stockholders entitled to cast not less than a majority of all the votes entitled to be cast on a matter are requested to do so at a meeting of stockholders at such meeting.

Stockholders In Lieu of a Stockholder Meeting

Any action may be taken without a meeting upon the written consent of the holders of all of the shares entitled to vote on such matter. Additionally, the certificate of incorporation of a corporation may permit actions to be taken by the holders of outstanding shares having not less than the minimum number of votes that would be required to take such action at a meeting at which all shares entitled to vote were present and voted. Prompt notice shall be given to all stockholders that have not consented in writing.

These provisions do not permit stockholder action by a written consent of less than all of the outstanding shares entitled to vote on such matter. These provisions do not permit stockholder action in lieu of a meeting only by unanimous written consent of those stockholders entitled to vote on a given action at a meeting.

These provisions do not permit the holders of all outstanding shares entitled to vote on a matter may consent to any action in lieu of a meeting. Additionally, holders of any class of stock, other than common stock entitled to vote generally in the election of directors, if the charter provides otherwise and provided that the corporation gives notice of such action to each holder of the class of stock (within 10 days after the effective time of such action) consent to any action or take action by delivering a written consent of the holders of the class of stock entitled to cast not less than the minimum number of votes that would have been necessary to take such action at a stockholder meeting. If authorized by the charter of the corporation, the holders of common stock may consent to any action by delivering a written consent of the stockholders of the class of stock having not less than the minimum number of votes that would have been necessary to authorize or take the action at a meeting of the class of stock if the corporation gives notice of such action to each holder of the class of stock within 10 days after the effective time of such action.

These provisions do not permit actions by the written consent of stockholders in lieu of a stockholder meeting.

Stockholder Nominations

These provisions do not require that a stockholder proposing a nominee for director, or any other officer or director, be considered at a meeting of the stockholders, give advance notice to the corporation before a date or time specified in the charter or bylaws. If the advance notice requirement is not met, the proposal is not a proper subject for consideration at the meeting.

These provisions do not include any provisions addressing stockholder nominations for directors or any other officers or directors of the corporation. Generally, the Maryland Bylaws

Directors and propose other business to be brought before the annual meeting of stockholders if the Secretary of the Company and such business is a proper subject for stockholder action. For Maryland Bylaws, written notice generally must be delivered to the secretary at the principal executive office not earlier than the 150th day nor later than 5:00 p.m., Eastern Time, on the 120th day prior to the date of the proxy statement for the preceding year's annual meeting.

Stockholder List

Each stockholder of record may inspect the list of record stockholders upon giving written demand to do so. The list of record stockholders is one of the types of corporate records generally available to stockholders. Generally, a corporation must issue the list of record stockholders within 10 business days after the date of a meeting of stockholders issued by a corporation during a specified period of not more than 12 months before the date of a meeting of stockholders on 20 days' prior notice by any stockholder. Additionally, any stockholder of record for at least six months and who owns 1% of the corporation's outstanding shares may request a statement of the corporation's current assets and liabilities and a copy of the corporation's stock ledger and accounting records.

Transactions

A corporation may provide in its certificate of incorporation that the holders of a majority, rather than a simple majority, of the stock entitled to vote may approve a merger, consolidation or sale or exchange of all or substantially all of the assets of the corporation, not, however, adopted such a provision in the New York Certificate, so that the holders of at least a majority of the outstanding stock entitled to vote must approve such transactions.

A corporation generally cannot merge or consolidate with another entity, sell all or substantially all of its assets, or change its name unless the action is advised by the board of directors and approved by the affirmative vote of at least two-thirds of the votes entitled to be cast on the matter, unless a lesser percentage (but not less than a majority of the votes entitled to be cast on the matter) is specified in the corporation's charter. The Maryland Articles of Incorporation, share exchange or sale or exchange of all or substantially all of the assets of Newtek MD that is approved by stockholders must be approved by the affirmative vote of the holders of shares entitled to cast at least a majority of the votes entitled to be cast on such matter.

For a longer period, a proxy under both the NYBCL and the MGCL can be voted or acted upon for eleven

Under the MGCL, corporations must have at least one director. Under the NYBCL, the exact number of directors is fixed by the stockholders, or, if authorized in a stockholder-adopted bylaw, by the board of directors. The number of directors is fixed in the charter and, subject to provisions governing the minimum number of directors in the bylaws to a number of greater or lesser than that set in the charter unless the corporation has elected to have its board of directors to be subject to Section 3-804(b) of the MGCL, in which case the number of directors may be changed only by the vote of the board of directors regardless of any provisions to the contrary in the charter. Under the MGCL, a corporation's bylaws may also authorize a majority of the entire board of directors to alter the charter or the bylaws within specified limits, but such action may not affect the tenure of the office of

that the number of directors may be fixed from time to time by the vote of a majority of the entire Board or more than 11. The Maryland Bylaws provide that the number of directors may be fixed from a majority of the entire Board and shall not be less than 1 or more than 12.

to permit classified boards of directors, which means the directors may have staggered terms that do not expire at the same time. The NYBCL requires that classified boards of directors be authorized in the corporation's certificate of incorporation or its adopted bylaw. The NYBCL allows for as many as four different classes of directors, all as nearly equal in number as possible. New York Charter Documents do not provide for a classified Board.

directors to be classified. If the directors are divided into classes, the term of office may be provided for in the charter or bylaws, except that the term of office of a director may not be longer than five years or, except in the case of a corporation with a term shorter than the period between annual meetings. The term of office of at least one class must expire at the time of the next annual meeting. If it is a Maryland corporation that has a class of equity securities registered under the Exchange Act, the charter or bylaws must elect directors (such as the Maryland corporation), either in its charter or by action of its board of directors, subject to stockholder approval, and notwithstanding any contrary provision of the charter or bylaws, to elect to be divided into classes. The MGCL, including a provision that requires that the board of directors be divided into classes.

for a classified Board consisting of three classes of directors. Messrs. Barry Sloane and Peter Downs will serve in class I, expiring at the 2015 annual meeting of stockholders; Mr. Sam Kirschner will serve in class II, with a term of office expiring at the 2016 annual meeting of stockholders; and Messrs. David C. Beck and Salvatore F. Mulia will serve in class III, with a term of office expiring at the 2017 annual meeting of stockholders.

Directors

Directors may be removed for cause by stockholders owning a majority of the shares entitled to vote. In addition, under the laws of incorporation, directors can be removed by the stockholders of a New York corporation without cause. The New York Charter does not provide for the removal of directors by the stockholders

Stockholders of a corporation may remove any director, with or without cause, by the affirmative vote of a majority of the votes entitled to be cast generally for the election of directors, unless the charter provides otherwise or the corporation is subject to certain provisions of the MGCL. Additionally, unless the charter of a corporation provides otherwise, if the board is divided into classes, directors cannot be removed without cause.

The removal of any director, subject to the rights of the holders of preferred stock, at any time only by the affirmative vote of at least two-thirds of votes entitled to vote for the election of directors. This provision, when applied to the election of directors of the Board to fill vacancies on the Board discussed below, precludes stockholders from electing directors except upon the affirmative vote of at least two-thirds of votes entitled to vote for the election of directors. Vacancies created by such removal with their own nominees.

Unless the certificate of incorporation or bylaws provide otherwise, any vacancy occurring in the board of directors shall be filled by the affirmative vote of a majority of the remaining directors. However, (i) unless the certificate of incorporation or the bylaws adopted by the stockholders provides otherwise, a vacancy occurring by removal of a director shall be filled only by vote of the stockholders and (ii) unless the certificate of incorporation or bylaws provide

ISS

74

et one or more directors, any vacancy shall be filled by a majority of the directors elected by such office, then according to the same rules described above. A director elected to fill a vacancy, unless hold office until the next meeting of stockholders at which the election of directors is in the regular successor has been elected and qualified. The New York Bylaws provide that any vacancy occurring majority of directors remaining in office.

to elect to be subject to a provision that states that, subject to the terms of any class or series of board of directors may be filled only by a majority of the remaining directors, even if the remaining um, and any director elected to fill a vacancy will hold office for the remainder of the full term of vacancy occurred and until his or her successor is duly elected and qualifies. The Maryland Articles are eligible to make such election (which we expect will be upon the closing of the Reincorporation ect to such MGCL provision.

y

e of incorporation may contain a provision eliminating or limiting the personal liability of directors ders for any breach of duty. However, no provision can eliminate or limit:

director if a judgment or other final adjudication adverse to the director establishes that the director engaged in intentional misconduct or a knowing violation of law, personally gained a financial profit was not legally entitled, or violated certain provisions of the NYBCL; or

director for any act or omission prior to the adoption of such provision in the certificate of vs.

ns a provision limiting the personal liability of directors.

corporation to include in its charter a provision limiting the liability of its directors and officers to ders for money damages except for liability resulting from actual receipt of an improper benefit or ices or active and deliberate dishonesty that is established by a final judgment and is material to the articles contain a provision that eliminates the liability of our directors and officers to the maximum v.

s (unless the Maryland Articles provide otherwise, which the Maryland Articles do not) to indemnify n successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made rvice in that capacity. The MGCL permits a corporation to indemnify its present and former ers, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by eeding to which they may be made or threatened to be made a party by reason of their service in is established that:

the director or officer was material to the matter giving rise to the proceeding and (i) was committed the result of active and deliberate dishonesty;

actually received an improper personal benefit in money, property or services; or

in a legal proceeding, the director or officer had reasonable cause to believe that the act or omission was

The Corporation may not indemnify a director or officer in a suit by or on behalf of the Maryland
Corporation if the director or officer was adjudged liable to the Maryland

the director or officer was adjudged liable on the basis that personal benefit was improperly indemnification if it determines that the director or officer is fairly and reasonably entitled to director or officer did not meet the prescribed standard of conduct or was adjudged liable on the properly received. However, indemnification for an adverse judgment in a suit by or on behalf of a judgment of liability on the basis that personal benefit was improperly received, is limited to

the Maryland Corporation to advance reasonable expenses to a director or officer upon receipt of:

by the director or officer of his or her good faith belief that he or she has met the necessary for indemnification by the Maryland Corporation; and

by the director or officer or on the director's or officer's behalf to repay the amount paid or corporation if it is ultimately determined that the director or officer did not meet the standard of

that the Maryland Corporation shall, to the maximum extent permitted by Maryland law in effect, to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to:

director or officer of the Maryland Corporation; or

while a director or officer of the Maryland Corporation and at the request of the Maryland has served as a director, officer, partner, or trustee of another corporation, real estate investment venture, trust, employee benefit plan or any other enterprise.

it the Maryland Corporation to indemnify and advance expenses to any person who served a corporation in any of the capacities described above and any employee or agent of the company or a corporation.

Obligations Of, Directors

may not lend money to, or guarantee the obligation of, a director unless the disinterested approve the transaction. For purposes of the stockholder approval, the holders of a majority of the constitute a quorum, but shares held by directors who are benefited by the loan or guarantee are

Directors may authorize loans by the corporation to, and guarantees by the corporation of any other or other employee of the corporation whenever, in the judgment of the board of directors, such may be expected to benefit the corporation.

Company has not made and does not intend to make any personal loans to, or guarantees for the officers in violation of Section 13(k) of the Exchange Act.

Directors

may establish the validity of transactions between it and its interested directors through one of approval of a majority of the disinterested directors who are not involved in the transaction.

actions by directors of registered investment companies, Maryland adopts the definition of interested person that a person is not interested solely because such person is a director, owner of securities or a family member of a director. The MGCL provides that

void or voidable solely because of common directorship or interest, or because a director with a present at a meeting during which the matter is ratified or votes for such matter at the meeting, if: to stockholders and such matter is approved by a majority of votes of disinterested stockholders, to the other directors and such matter is approved by a majority of disinterested directors although matter is fair and reasonable under Maryland law to the corporation.

corporation, under both the NYBCL and the MGCL a corporation may generally pay dividends, redeem distributions to stockholders if the corporation is solvent and would not become insolvent because distribution.

may be paid or distributions made out of surplus, so that the net assets of the corporation remaining shall be at least equal to the amount of its stated capital. If there is no surplus, dividends may be corporation's net profits for the year in which the dividend is declared and/or the preceding fiscal year. the excess of net assets over stated capital and permits the board of directors to adjust stated capital.

ns, the NYBCL permits a corporation to provide in its certificate of incorporation for redemption (at the stockholder or in certain other circumstances) of one or more classes or series of its shares. One common stock may be issued or redeemed, with certain exceptions, only when the corporation has an shares that is not subject to redemption.

dividends and other distributions may be declared and paid on the corporation's capital stock as authorized restrictions contained in the corporation's charter, provided that no dividends may be paid if, after other distribution: (i) the corporation would not be able to pay its debts as they become due in the the corporation's total assets would be less than the sum of its total liabilities plus, unless the charter required to be paid to holders of preferred stock in the event of a liquidation of the use (ii) in the immediately preceding sentence, a corporation may make a dividend or other earnings of the corporation for the fiscal year in which the dividend or other distribution is made; (b) the or the preceding fiscal year; or (c) the sum of the net earnings of the corporation for the preceding

corporation to provide in its charter for redemption (at the option of the corporation or the circumstances) of any specified class of its stock, including common stock.

documents nor the Maryland Charter Documents modify the respective provisions of the NYBCL or ent of dividends. The New York Charter Documents grant the Board the ability to determine preferred stock issued by Newtek NY, while the Maryland Charter Documents grant the Board the rights with respect to any stock issued by Newtek MD.

that a dissenting stockholder has the right to receive the fair value of his shares if he complies with: (i) certain mergers and consolidations; (ii) certain dispositions of assets requiring stockholder changes; or (iv) certain amendments to the certificate of incorporation which adversely affect the rights generally provides that a stockholder has appraisal rights in the event of: (i) a merger or change; (iii) certain dispositions of assets requiring stockholder approval; (iv) a charter amendment holding stock (unless the right to do so is reserved in the charter); or (v) certain business combinations.

oting stockholders have no appraisal rights if their shares are listed on a national securities exchange security on an interdealer quotation system by the Financial Industry Regulatory Authority, Inc. available under the NYBCL in a merger between a parent corporation and its subsidiary where only oration, or in a merger between a parent and subsidiary where both are New York corporations, and he subsidiary. Also, appraisal rights are available to stockholders who are not allowed to vote on a se shares will be canceled or exchanged for cash or something else of value other than shares of the corporation. When appraisal rights are available, the stockholder may have to request the appraisal dures as set forth in the NYBCL.

L provides that stockholders have no appraisal rights if (i) the stock is listed on a national securities falls under certain conditions), (ii) the stock received is that of the successor in the merger, unless ts of the stock as expressly set forth in the charter and the charter does not reserve the right to do or converted in whole or in part in the merger into something other than either stock in the successor, ests out of provisions for the treatment of fractional shares of stock in the successor, (iii) the stock is nsaction or the stockholder did not own the shares of stock on the record date for determining he transaction or (iv) the charter provides that the holders of the stock are not entitled to exercise the r.

at stockholders will not be entitled to exercise appraisal rights unless a majority of the Board shall

Interested Stockholders

nd the MGCL may help to prevent or delay changes of corporate control. In particular, both the or prohibit an interested stockholder from entering into certain types of business combinations unless he transaction in advance. The two laws define these two terms differently.

stockholder is generally prohibited from entering into certain types of business combinations with a od of five years after becoming an interested stockholder, unless before such date the board of nness combination or the acquisition of stock by the interested stockholder before the interested shares. An interested stockholder under the NYBCL is generally a beneficial owner of at least 20% of tting stock. Business combinations under the NYBCL include mergers and consolidations between d stockholder or its affiliate or associate; sales, leases, mortgages, pledges, transfers or other ed stockholder of assets with an aggregate market value which either equals 10% or more of the s or outstanding stock, or represents 10% or more of the consolidated earning power or net income of ers to an interested stockholder of stock from the corporation or any of its subsidiaries with an t 5% of the aggregate market value of the outstanding stock of the corporation; liquidation or oposed by or in connection with an interested stockholder; reclassification or recapitalization of ortionate stock ownership of an interested stockholder; and the receipt by an interested stockholder y benefit from loans, guarantees, advances, pledges or other financial assistance or tax benefits

BCL allows such business combination if it is approved by a majority of the voting stock not owned y an affiliate or associate of the interested stockholder. Business combinations are also permitted requirements are met and in certain other circumstances.

binations between a Maryland corporation and an interested stockholder or an affiliate of an ited for five years after the most recent date on which the

an interested stockholder. Business combinations are defined as a merger, consolidation, share specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

1. A person who beneficially owns 10% or more of the voting power of the corporation's outstanding voting stock; or

2. A person who, at any time within the two-year period prior to the date in question, was beneficially owning 10% or more of the voting power of the then outstanding voting stock of the corporation. A business combination between the corporation and an interested stockholder under this statute if the board of directors approved in advance the transaction by which the interested stockholder becomes an interested stockholder. However, in approving a transaction, the board of directors may act to comply, at or after the time of approval, with any terms and conditions determined by the board of directors.

3. A business combination between the Maryland corporation and an interested stockholder generally requires the approval of the board of directors of the corporation and approved by the affirmative vote of at least:

(a) A majority of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and

(b) A majority of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate of the interested stockholder.

4. The provisions do not apply if the corporation's common stockholders receive a minimum price, as defined in the statute, in the form of cash or other consideration in the same form as previously paid by the interested stockholder.

5. The provisions do not apply to transactions exempted from its provisions, including business combinations that are exempted by the board of directors if the interested stockholder becomes an interested stockholder.

6. The corporation may adopt a resolution that any business combination between it and any other person is exempted from the provisions of the statute provided that the business combination is first approved by its Board, including a majority of the votes of the common stockholders as defined in the 1940 Act. This resolution may be altered or repealed in whole or in part at any time. The corporation shall adopt resolutions so as to make the Maryland Corporation subject to such provisions of the MGCL if it would be in the Maryland Corporation's best interests and if the SEC staff does not object to the corporation being subject to such provisions of the MGCL does not conflict with the 1940 Act. If the board of directors does not otherwise approve a business combination, the statute may discourage the corporation from exercising control of the Maryland Corporation and increase the difficulty of consummating any offer.

Development Company

A development company that primarily focuses on investing in or lending to private companies and making loans to them. A BDC provides stockholders with the ability to retain the liquidity of a publicly-traded company while enjoying the benefits of investing in emerging-growth or expansion-stage privately-owned companies. The

and restrictions relating to transactions between BDCs and their directors and officers and principal related persons and requires that a majority of the directors be persons other than interested persons, as required by the 1940 Act. In addition, the 1940 Act provides that we may not change the nature of our business so as to constitute us, a BDC unless approved by a majority of our

majority of the outstanding voting securities of a company is defined under the 1940 Act as the company's shares present at a meeting if more than 50% of the outstanding shares of such company are held by, or (ii) more than 50% of the outstanding shares of such company. See Operating as a BDC.

not acquire any asset other than assets of the type listed in Section 55(a) of the 1940 Act, which are, unless, at the time the acquisition is made, qualifying assets represent at least 70% of the company's assets. The types of qualifying assets relevant to our proposed business are the following:

in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain exceptions) is an eligible portfolio company, or from any person who is, or has been during the preceding 12 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules and regulations as may be adopted by the SEC. An eligible portfolio company is defined in the 1940 Act as any issuer which:

is organized under the laws of, and has its principal place of business in, the United States;

is not an investment company (other than a small business investment company wholly owned by the business development company) or a company that would be an investment company but for certain exclusions under the

is not a company whose securities are listed on a national securities exchange; or if it has securities listed on a national securities exchange such company has a market capitalization of less than \$250 million; is controlled by a business development company and has an affiliate of a business development company on its board of directors; or meets such other criteria as may be established by the SEC.

is not acquired in a private transaction from a U.S. issuer that is not an investment company or from an affiliated person of such issuer in transactions incident thereto, if the issuer is in bankruptcy and subject to reorganization or if the issuer was unable to meet its obligations as they came due without the assistance of more than conventional lending or financing arrangements.

is not a company whose securities were purchased from any person in a private transaction if there is no ready market for such securities and we already own 60% of the outstanding equity of the eligible portfolio company.

is not a company whose securities are sold, offered, or distributed on or with respect to securities described in (1) through (3) above, or the exercise of warrants or rights relating to such securities.

is not a company whose securities are, U.S. Government securities or high-quality debt securities maturing in one year or less from the date of investment.

Act, is presumed to exist where a BDC beneficially owns more than 25% of the outstanding voting
ny.

urities issued by any investment company that exceed the limits imposed by the 1940 Act. Under
acquire more than 3% of the voting stock of any investment company (as defined in the 1940 Act),
of our total assets in the securities of one such investment company or invest more than 10% of the
curities of such investment companies in the aggregate. With regard to that portion of our portfolio
investment companies, it should be noted that such investments might subject our stockholders to

ments that are not considered qualifying assets under section 55(a) of the 1940 Act in an amount up
not expect such investments will comprise a material

Investments may include, but are not limited to, investments in the debt or equity of securitization vehicles that provide more attractive risk-adjusted returns than qualifying assets at that time. We intend to invest primarily in assets that are eligible to become a BDC, although we may invest from time to time in non-qualifying assets on an interim basis that we believe doing so would be accretive to our shareholders.

ce

and have its principal place of business in the United States and must be operated for the purpose of providing the principal source of income for the purposes of securities described above. However, in order to count portfolio securities as qualifying assets, the BDC must either control the issuer of the securities or must offer to make available to the issuer (and solvent companies described above) significant managerial assistance; except that, where the BDC, in conjunction with one or more other persons acting together, one of the other persons in the group provides significant managerial assistance. Making available significant managerial assistance means, among other things, any person, through its directors, officers or employees, offers to provide, and, if accepted, does so provide, significant managerial assistance concerning the management, operations or business objectives and policies of a portfolio company, including, but not limited to, company operations, selective participation in board and management meetings, consulting with and advising officers or other organizational or financial guidance.

significant operating and managerial assistance to our controlled portfolio companies. This assistance includes, but is not limited to, monitoring the operations and financial performance of such companies, participating in the management of such companies, consulting with and advising officers of portfolio companies and providing other organizational and financial assistance. In portfolio companies we may participate as officers of those companies, assist with legal, financial, operational, technology and accounting matters, assist with marketing and advertising programs and coordinate the extent of our assistance varies depending on the needs of the portfolio company. Most of our assistance is provided through our small business finance platform. Each investment is assigned a staff member who manages the relationship with the company and the credit relationship. If the need arises, we may provide counseling on such matters as internal cost control and reduction and other aspects of business operations. All of this is provided by staff members within our company or NSBF.

of qualifying assets, as described above, our investments as a BDC may consist of cash, cash equivalents, securities or high quality debt securities maturing in one year or less from the time of investment, and other temporary investments, so that 70% of our assets are qualifying assets. Typically, we will invest in repurchase agreements, provided that such agreements are fully collateralized by cash or securities issued by the issuer. A repurchase agreement involves the purchase by an investor, such as us, of a specified security from the issuer, with the obligation by the seller to repurchase it at an agreed upon future date and at a price which is greater than the purchase price plus interest that reflects an agreed-upon interest rate. There is no percentage restriction on the proportion of our assets that may be held in such repurchase agreements. However, if more than 25% of our total assets constitute repurchase agreements with a single counterparty, we would not meet the diversification tests imposed on us by the Code in order to qualify as a BDC. Thus, we do not intend to enter into repurchase agreements with a single counterparty in excess of 25% of our assets, based on the creditworthiness of the counterparties with which we enter into repurchase agreement transactions.

subject to restrictions on the amount of warrants, options, restricted stock or rights to purchase shares outstanding at any time. In particular, the amount of

from the conversion or exercise of all outstanding warrants, options or rights to purchase capital stock as total outstanding shares of capital stock. This amount is reduced to 20% of the BDC's total stock if the amount of warrants, options or rights issued pursuant to an executive compensation plan as total outstanding shares of capital stock.

io

ified conditions, to issue multiple classes of indebtedness and one class of stock senior to our debt, as defined in the 1940 Act, is at least equal to 200% immediately after each such issuance. In addition, we are required to declare any cash dividend or other distribution on our outstanding common shares, or purchase price of such declaration or purchase, we have asset coverage of at least 200% after deducting the amount of such distribution, or purchase price. We may also borrow amounts up to 5% of the value of our total assets for such purposes.

code of ethics pursuant to Rule 17j-1 under the 1940 Act that establishes procedures for personal transactions by personnel. Our code of ethics will generally not permit investments by our personnel that may be purchased or held by us.

ures

written policies and procedures reasonably designed to detect and prevent violation of the federal securities laws. We intend to review these compliance policies and procedures annually for their adequacy and the effectiveness of their implementation and designate a chief compliance officer to be responsible for administering the policies and procedures.

from issuing equity compensation to their officers and directors absent regulatory and/or stockholder approval of a New Equity Compensation Plan set forth in this proxy statement for additional detail on the equity compensation plan that the Board of Directors seeks to adopt.

In addition, we may file a request with the SEC for exemptive relief to allow us to take certain actions that are prohibited by the 1940 Act, as applicable to BDCs. Specifically, although we cannot provide any assurance that we will receive such relief, we intend to request that the SEC permit us to adopt a new equity compensation plan that provides for restricted stock awards to our officers, employees and directors pursuant to Section 23(a)(i) of the 1940 Act and to our non-employee directors pursuant to Section 61(a)(3)(B)(i) of the 1940 Act.

will be fully examined by the SEC for compliance with the Exchange Act and the 1940 Act.

We will also provide and maintain a bond issued by a reputable fidelity insurance company to protect us against claims against our officers and directors. Furthermore, we will be prohibited from protecting any director or officer against any liability to our stockholders for any misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of our business.

Tax Considerations of a BDC and RIC Election

General summary of the material U.S. federal income tax considerations applicable to BDCs and to an RIC. This summary does not purport to be a complete description of the income tax considerations applicable to BDCs. Where applicable, we have not described tax consequences that may be relevant to certain types of holders subject to U.S. federal income tax laws, including stockholders subject to the alternative minimum tax, tax-exempt organizations, dealers in securities, a trader in securities that elects to use a market-to-market method of valuation, pension plans and trusts, and financial institutions. This summary assumes that investors hold BDC Shares as capital assets (within the meaning of the Code). The discussion is based upon the Code, Treasury Regulations, and judicial interpretations, each as of the date of this proxy statement and all of which are subject to change, which could affect the continuing validity of this discussion. We have not sought and will not seek an opinion of counsel regarding the BDC Election and subsequent offering of BDC Shares. This summary does not discuss any tax consequences for foreign, state or local tax. It does not discuss the special treatment under U.S. federal income tax laws for tax-exempt securities or certain other investment assets.

will be a beneficial owner of BDC Shares who is for U.S. federal income tax purposes:

is an individual who is a resident of the United States;

is an entity treated as a corporation, for U.S. federal income tax purposes, created or organized in or domiciled in the United States or any political subdivision thereof;

is an entity in the United States is asked to exercise primary supervision over the administration of the trust and the majority of the trust's assets are persons have the authority to control all substantive decisions of the trust; or

is an entity of which is subject to U.S. federal income taxation regardless of its source.

Generally, an individual will be a beneficial owner of BDC Shares who is not a U.S. stockholder. If a partnership (including a partnership for U.S. federal income tax purposes) holds BDC Shares, the tax treatment of a partner in a partnership will depend upon the status of the partner and the activities of the partnership. A prospective stockholder who is a partner in a partnership that will hold BDC Shares should consult his, her or its tax advisers with respect to the purchase, sale or disposition of BDC Shares.

The tax consequences to an investor of an investment in BDC Shares will depend on the facts and circumstances. We encourage investors to consult their own tax advisers regarding the specific consequences of an investment in BDC Shares, including reporting requirements, the applicability of federal, state, local and foreign tax laws, eligibility for foreign tax credits, and the effect of any possible changes in the tax laws.

We expect to receive prior to the Special Meeting, an opinion of counsel with respect to the federal income tax consequences of the Reincorporation under the Code. This summary is not binding on the IRS and there can be no assurance that the IRS (or, in the event of an IRS challenge) will agree with the conclusions stated herein. A successful IRS challenge to the Reincorporation Transaction would result in a stockholder recognizing gain or loss with respect to the Reincorporation Transaction equal to the difference between the stockholder's basis in such shares as of the time of the Reincorporation Transaction, of the BDC Shares received in exchange therefor.

aggregate basis in the BDC Shares received in the exchange would equal their fair market value on holding period for such shares would not include the period during which the stockholder held shares in such transaction.

election to be taxed as a RIC, which we currently anticipate will be January 1, 2015, we will remain a C Corporation under subchapter C of the Code (a "C Corporation"). While we are a C Corporation, we will pay federal income tax on all of our income at regular corporate rates (currently up to 35%). In addition, we will make distributions to shareholders. Following the Reincorporation Transaction and during such time as we expect to make distributions in an amount approximately equal to our pre-tax income. We intend to maintain a consistent distribution rate before and after electing to be treated as a RIC.

If we make distributions at a time when we do not qualify as a RIC, U.S. Holders would be required to include such distributions as dividends to the extent of our current and accumulated earnings and profits. Provided that the requirements were met, any such distributions would generally qualify for treatment as "qualified dividends" subject to the 20% maximum rate applicable to non-corporate U.S. Holders. Subject to certain limitations under the Code, U.S. Holders would be eligible for the dividends-received deduction. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the U.S. Holder's tax basis in our shares, and any remaining amount would be treated as a capital gain.

Each U.S. Holder generally will recognize taxable gain or loss from such sale based on the amount of the U.S. Holder's adjusted basis in the shares sold. Any gain arising from such sale or disposition generally will be treated as capital gain or loss if the U.S. Holder has held his, her or its shares for more than one year. Otherwise, it will be treated as ordinary income. In general, individual U.S. Holders are currently subject to a maximum federal tax rate of 20% on net capital gain, i.e., the excess of realized net long-term capital gain over realized net short-term capital gain, including a long-term capital gain derived from an investment in our shares. Such rate is lower than the maximum rate currently payable by individuals. In addition, individuals with income in excess of \$200,000 (individuals filing jointly) and certain estates and trusts are subject to an additional 3.8% tax on their net investment income (which generally includes net income from interest, dividends, annuities, royalties, and rents, and net capital gain from trades or businesses). Corporate U.S. Holders currently are subject to federal income tax at a maximum 35% rate also applied to ordinary income. Non-corporate U.S. Holders with net capital losses (in excess of capital gains) generally may deduct up to \$3,000 of such losses against their ordinary income. Net capital losses of a non-corporate stockholder in excess of \$3,000 generally may be carried forward and deducted in the Code. Corporate U.S. Holders generally may not deduct any net capital losses for a year, but may carry forward such losses for three years or carry forward such losses for five years.

Whether a distribution to a Non-U.S. Holder is appropriate for a Non-U.S. Holder will depend upon that person's particular circumstances. A Non-U.S. Holder may have adverse tax consequences. Non-U.S. Holders should consult their tax advisor regarding the tax consequences of owning our shares.

Non-U.S. Holders will not be subject to U.S. federal income tax on our distributions unless such income is effectively connected with the business of such Non-U.S. Holder (and if a treaty applies, attributable to a permanent establishment in the U.S.) or such Non-U.S. Holder will be subject to U.S. federal withholding tax at a 30% rate (or lower rate provided by an applicable treaty) on dividends and accumulated earnings and profits. If such a distribution is effectively connected to a U.S. trade or business of such Non-U.S. Holder (and if a treaty applies, is attributable to a permanent establishment in the U.S.),

generally be subject to U.S. federal income tax on such distribution as if such holder were a U.S. (applicable withholding agent) will not be required to withhold federal tax if the Non-U.S. Holder meets certain information and disclosure requirements. Special certification requirements apply to a Non-U.S. Holder who is a foreign trust, and such entities are urged to consult their own tax advisors.

. Holder upon the sale of our common stock, will not be subject to federal withholding tax and federal income tax unless the distributions or gains, as the case may be, are effectively connected with the Non-U.S. Holder and, if an income tax treaty applies, are attributable to a permanent establishment of the Non-U.S. Holder in the United States. Any gains realized by a Non-U.S. Holder upon the sale of our common stock will be subject to federal income tax to the extent such gains are effectively connected to a U.S. trade or business (and if a treaty applies, are attributable to a permanent establishment in the U.S.).

, distributions (both actual and deemed), and gains realized upon the sale of our common stock that are effectively connected with a U.S. trade or business may, under certain circumstances, be subject to an additional branch profits tax (at a rate if provided for by an applicable treaty). Any capital gain realized by a nonresident alien who is present in the United States for 183 days or more in the taxable year may be subject to tax at a 30% rate.

-resident alien individual, and who is otherwise subject to withholding of federal income tax, may be required to pay backup withholding of federal income tax on dividends unless the Non-U.S. Holder provides the company with an Internal Revenue Service Form W-8BEN or Form W-8BEN-E (or an acceptable substitute) that meets the documentary evidence requirements for establishing that it is a Non-U.S. Holder or the Non-U.S. Holder is exempt from backup withholding.

As the Foreign Account Tax Compliance Act generally imposes a 30% withholding tax on payments made by foreign financial institutions that fail to enter into an agreement with the U.S. Treasury to report certain information about accounts held by U.S. persons (or held by foreign entities that have U.S. persons as substantial owners), the tax includes U.S. source interest and dividends paid after June 30, 2014, and the gross proceeds from the sale of property that could produce U.S. source interest or dividends paid after December 31, 2016. The legislation also requires the reporting of the identity and taxpayer identification number of each account holder that is a U.S. person within the holder's account. In addition, subject to certain exceptions, this legislation also imposes a 30% withholding tax on payments made by foreign entities that are not financial institutions unless the foreign entity certifies that it does not have a substantial U.S. owner or provides the withholding agent with identifying information on each greater than 10% U.S. owner. As of the date of this filing, Non-U.S. Holders could be subject to this 30% withholding tax with respect to dividends and proceeds from the sale of their BDC Shares. Under certain circumstances, a Non-U.S. Holder may be eligible for a credit of such taxes.

U.S. Holders should consult their own tax advisors with respect to the U.S. federal income tax and withholding tax, and state, local, and foreign taxes of an investment in our Shares.

we may be treated, and qualify annually thereafter, as a RIC under Subchapter M of the Code, beginning with the year 2014. If we are treated as a RIC, we generally will not have to pay corporate-level U.S. federal income taxes on any income that we receive from our investments, including dividends. To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements (as described

For RIC tax treatment we must distribute to our stockholders, for each taxable year, at least 90% of our income, which is generally our ordinary income plus the excess of our realized net short-term capital gains over net short-term capital losses (the Annual Distribution Requirement). Although it is currently our intention to elect to be treated as a RIC for our 2015 taxable year, we cannot assure you whether we will elect to be treated as a RIC for our 2015 taxable year. If we opt not to elect to be treated as a RIC, we will continue to be taxed as a C corporation under the Code for our 2015 taxable year. See "Tax Considerations of the Special Dividend."

Annual Distribution Requirement,

we will not pay U.S. federal income tax on the portion of our income we distribute (or are deemed to distribute) to our stockholders that is subject to U.S. federal income tax at the regular corporate rates on any income or capital gains not distributed to our stockholders.

We will not pay a non-refundable U.S. federal excise tax on certain undistributed income unless we distribute in a timely manner the sum of (1) 98% of our net ordinary income for each calendar year, (2) 98.2% of our capital gain for each calendar year ending October 31 in that calendar year and (3) any income recognized, but not distributed, in that calendar year, if we paid no corporate-level income tax (the Excise Tax Avoidance Requirement). We generally will make sufficient distributions to our stockholders to avoid any U.S. federal excise tax on our

For U.S. federal income tax purposes, we must, among other things:

be organized under the laws of the United States or a state of the United States at all times during each taxable year;

have no assets and profits accumulated for all years prior to the first taxable year that we qualify as a RIC no later than the first taxable year;

derive at least 90% of our gross income from dividends, interest, payments with respect to loans of certain types of stock or other securities, net income from certain qualified publicly traded partnerships, or net income with respect to our business of investing in such stock or securities (the 90% Income Test); and

make distributions to our stockholders at the end of each quarter of the taxable year:

ue of our assets consists of cash, cash equivalents, U.S. Government securities, securities of other
ties if such other securities of any one issuer do not represent more than 5% of the value of our
% of the outstanding voting securities of the issuer; and

he value of our assets is invested in the securities, other than U.S. government securities or
s, of one issuer, of two or more issuers that are controlled, as determined under applicable Code
re engaged in the same or similar or related trades or businesses or of certain qualified publicly
he Diversification Tests).

uch income as management fees received in connection with our subsidiaries or other potential
n other fees.

taxable income in circumstances in which we do not receive cash. For example, if we hold debt
applicable tax rules as having original issue discount

payment in kind (PIK) interest or, in certain cases, increasing interest rates or issued with warrants), year a portion of the original issue discount that accrues over the life of the obligation, regardless of income is received by us in the same taxable year. We may also have to include in income other received in cash, such as PIK interest, deferred loan origination fees that are paid after origination of compensation such as warrants or stock, or certain income with respect to equity investments in original issue discount or other amounts accrued will be included in our investment company annual, we may be required to make a distribution to our stockholders in order to satisfy the Annual Requirement although we will not have received any corresponding cash amount.

In order to do so, we will be authorized to borrow funds and to sell assets in order to satisfy distribution requirements under the 1940 Act, we will not be permitted to make distributions to our stockholders while our debt obligations are outstanding unless certain asset coverage tests are met. Moreover, our ability to dispose of assets may be limited by (1) the illiquid nature of our portfolio and/or (2) other requirements including the Diversification Tests. If we dispose of assets in order to meet the Annual Distribution Requirement, we may make such dispositions at times that, from an investment perspective, are not optimal. If we are prohibited from making distributions or are unable to obtain cash from other sources to make distributions, we may fail to qualify as a RIC, which would result in us becoming subject to corporate-level federal income

tax. We are dependent on our subsidiaries for cash distributions to enable us to meet the RIC distribution requirements. Our subsidiaries may be limited by the Small Business Investment Act of 1958, and SBA regulations, from making distributions that may be necessary to maintain our status as a RIC. We may have to request a waiver of the requirements of the SBA regulations for our subsidiaries to make certain distributions to maintain our RIC status. We cannot assure you that the SBA regulations, if our subsidiaries are unable to obtain a waiver, compliance with the SBA regulations may cause us to fail to qualify as a RIC, which would result in us becoming subject to corporate-level federal income tax.

We assume that we qualify as a RIC and have satisfied the Annual Distribution Requirement.

Our use of derivatives contracts, constructive sales, hedging, straddle, conversion or similar transactions, and forward sale contracts, under certain tax rules, the effect of which may be to accelerate income to us, defer losses, cause adjustments to our taxable income, convert long-term capital gains into short-term capital gains, convert short-term capital losses into long-term capital losses, and have other tax consequences. These rules could affect the amount, timing and character of our distributions. We do not currently intend to engage in these types of transactions.

We are not permitted to deduct expenses in excess of its investment company taxable income (which is, generally, ordinary income plus net long-term capital gains in excess of net realized long-term capital losses). If our expenses in a given year exceed our investment company taxable income, as the result of large amounts of equity-based compensation), we would experience a net operating loss. However, a RIC is not permitted to carry forward net operating losses to subsequent years. In addition, our investment company taxable income, not net capital gain. Due to these limits on the deductibility of expenses, we may have aggregate taxable income for several years that we are required to distribute and that is not distributable if such income is greater than the aggregate net income we actually earned during those years. Such income may be realized from our cash assets or by liquidation of investments, if necessary. We may realize gains or losses from such transactions, in the event we realize net capital gains from such transactions, you may receive a larger capital gain than you would have received in the absence of such transactions.

sources within foreign countries, or capital gains earned by investing in securities of foreign income taxes withheld at the source. In this regard, withholding tax rates in countries with which tax treaty are often as high as 35% or more. The United States has entered into tax treaties with which entitle us to a reduced rate of tax or exemption from tax on this related income and gains. The amount to be determined at this time since the amount of our assets to be invested within various countries is not appropriate being eligible for the special election that allows a RIC to treat foreign income taxes paid by investors.

Foreign corporations that receive at least 75% of their annual gross income from passive sources (such as dividends or capital gain) or hold at least 50% of their total assets in investments producing such passive income (such as investment companies), we could be subject to federal income tax and additional interest charges on excess income from the sale of stock in such companies, even if all income or gain actually passed through to our stockholders. We would not be able to pass through to our stockholders any credit or election may, if available, ameliorate these adverse tax consequences, but any such election would require the receipt of income or gain without the concurrent receipt of cash. We intend to limit and/or manage our investment in investment companies to minimize our tax liability.

Gains realized by us in connection with certain transactions involving non-dollar debt securities, certain derivatives, foreign currency option contracts, foreign currency forward contracts, foreign currencies, or investments denominated in a foreign currency are subject to Code provisions that generally treat such gains and losses as capital gains. Such provisions may affect the amount, timing and character of distributions to our stockholders. Any such gains related to our investment in securities (possibly including speculative currency positions or currency derivatives for investment purposes) could, under future Treasury regulations, produce income not among the types of income that a RIC must derive at least 90% of its annual gross income.

We anticipate that certain of our assets will have built-in gain (i.e., assets whose fair market value exceeds their adjusted basis) as of the beginning of 2015, which is the beginning of first year that we expect to qualify as a RIC. If such gain is recognized by us upon a sale or other disposition of such assets during the ten-year period (or shorter applicable period) beginning of such taxable year, we will be required to pay a corporate-level tax on the net amount of such gain. Alternatively, we may make a special election to cause the gain to be recognized as of the beginning of such taxable year. We would be required to recognize such built-in gain as such assets were sold as of the beginning of such taxable year if we make this election at this time. Any corporate-level built-in gains tax is payable at the time the gain is recognized, which generally will be the years in which the built-in gain assets are sold in a taxable transaction. The amount of such gain or loss present in those assets as of the beginning of such taxable year and effective tax rates. The corporate-level tax on built-in gains will be a company expense that will be borne by all stockholders and will not be available for distribution to stockholders. In addition, we will be required to distribute such gain (net of any expenses) to stockholders in order to eliminate our liability for corporate-level U.S. federal income tax on such gain. Our qualification as a RIC.

Distributions will be taxable to U.S. Holders as ordinary income or capital gains. Distributions of our investment income and capital gains will generally equal our net ordinary income plus realized net short-term capital gains in excess of our net capital losses. Distributions (net of expenses) will be taxable as ordinary income to U.S. Holders to the extent of our current or accumulated capital gains and in

common stock. To the extent such distributions paid by us to non-corporate stockholders (including dividends from U.S. corporations and certain qualified foreign corporations, such distributions are eligible for a maximum tax rate of 20%, provided holding period and other requirements are met at any levels. Distributions of our net capital gains (which will generally equal our realized net long-term and net short-term capital losses) properly reported by us as capital gain dividends in written statements will be taxable to a U.S. Holder as long-term capital gains that are currently taxable at a maximum rate for trusts or estates, regardless of the U.S. Holder's holding period for his, her or its common stock and whether or not it is reinvested in additional common stock. Distributions in excess of our earnings and profits first reduce the adjusted tax basis in such U.S. Holder's common stock and, after the adjusted basis is reduced to zero, will be taxable to the U.S. Holder.

realized net long-term capital gains in excess of realized net short-term capital losses, but designate such distribution as a deemed distribution. In that case, among other consequences, we will pay tax on the retained distribution and the U.S. Holder will be required to include his, her or its share of the deemed distribution in income as if it had been received by the U.S. Holder, and the U.S. Holder will be entitled to claim a credit equal to his, her or its allocable share of the tax we expect to pay on any retained capital gains at our regular corporate tax rate, and because the corporate tax rate currently payable by individuals on long-term capital gains, the amount of tax that we pay on the deemed distribution will exceed the tax they owe on the capital gain distribution and such excess will be treated as a credit against the U.S. Holder's other U.S. federal income tax obligations or may be treated as a stockholder's liability for federal income tax. A stockholder that is not subject to federal income tax and whose federal income tax return would be required to file a federal income tax return on the appropriate amount of the deemed distribution for the taxes we paid. The amount of the deemed distribution net of such tax will be added to the U.S. Holder's basis in his or its common stock. In order to utilize the deemed distribution approach, we must provide written notice to the U.S. Holder by the expiration of 60 days after the close of the relevant taxable year. We cannot treat any of our distributions as a deemed distribution.

Under certain Treasury regulations and private letter rulings issued by the IRS, a RIC may treat a distribution as a dividend if each stockholder may elect to receive his or her entire distribution in cash, subject to a limitation that the aggregate amount of cash to be distributed to all stockholders must be no more than 20% of the total distribution. If too many stockholders elect to receive cash, each stockholder electing to receive cash will receive a pro rata amount of cash (with the balance of the distribution paid in stock). In no event will any stockholder electing to receive cash, receive less than 20% of his or her entire distribution in cash. If these and certain other conditions are met, for federal income tax purposes, the amount of the dividend paid in stock will be equal to the amount of cash that would have been paid instead of stock. Other than in connection with the Special Dividend, we have no current intention to distribute dividends in connection with fulfilling RIC distribution requirements.

Whether the Annual Distribution Requirement is satisfied for any year and (2) the amount of the dividend and capital gain dividends paid for that year, we may, under certain circumstances, elect to treat a distribution made in any taxable year following the taxable year as if it had been paid during the taxable year in question. If we make such an election, the distribution will be treated as receiving the dividend in the taxable year in which the distribution is made. However, distributions made on or after October 1, 2001, and before October 1, 2002, payable to stockholders of record on a date other than October 1, 2001, and actually paid during January of the following year, will be treated as if it had been received by our stockholders on October 31st of the year in which the dividend was declared.

shares shortly before the record date of a distribution, the price of the BDC Shares will include the amount of the distribution. An investor will be subject to tax on the distribution even though economically it may represent a return of capital.

You will recognize taxable gain or loss if the U.S. Holder sells or otherwise disposes of his, her or its BDC Shares. Your gain or loss will be measured by the difference between such U.S. Holder's adjusted tax basis in the common shares and the proceeds received in exchange. Any gain arising from such sale or disposition generally will be taxable as long-term capital gain or loss if the U.S. Holder has held his, her or its shares for more than one year. Otherwise, it will be taxable as short-term capital gain or loss. However, any capital loss arising from the sale or disposition of BDC Shares held for six months or more will be treated as long-term capital loss to the extent of the amount of capital gain dividends received, or undistributed dividends, with respect to such shares. In addition, all or a portion of any loss recognized upon a disposition of BDC Shares if other BDC Shares are purchased (whether through reinvestment of distributions or otherwise) will be recognized on the disposition. In such a case, the basis of the newly purchased shares will be adjusted to reflect the loss.

Individual U.S. Holders currently are subject to a maximum U.S. federal income tax rate of 20% on their net capital gains (net realized net long-term capital gains over realized net short-term capital losses), including any net capital gain from an investment in BDC Shares. Such rate is lower than the maximum rate on ordinary income for individual U.S. Holders. In addition, individuals with income in excess of \$200,000 (\$250,000 in the case of married couples filing jointly) and certain estates and trusts are subject to an additional 3.8% tax on their net investment income, which includes interest, dividends, annuities, royalties, and rents, and net capital gains (other than certain gains from businesses). Corporate U.S. Holders currently are subject to U.S. federal income tax on net capital gains at the same rate so applied to ordinary income. Non-corporate U.S. Holders with net capital losses for a year (i.e., net capital losses in excess of net capital gains) generally may deduct up to \$3,000 of such losses against their ordinary income each year. For non-corporate U.S. Holders, net capital losses in excess of \$3,000 generally may be carried forward and used in subsequent years. Corporate U.S. stockholders generally may not deduct any net capital losses for a year, but may carry forward or carry forward such losses for five years.

Our transfer agent will send to each of our U.S. Holders, as promptly as possible after the end of each calendar year, a statement on a share and per distribution basis, the amounts includible in such U.S. Holder's taxable income for each year, classified as long-term capital gain. In addition, the federal tax status of each year's distributions generally will be indicated (including the amount of dividends, if any, eligible for the 20% maximum rate). Distributions may also be subject to federal and foreign taxes depending on a U.S. Holder's particular situation.

We may be subject to the alternative minimum tax (AMT). If we have tax items that are treated differently for AMT purposes, we may apportion those items between us and our stockholders, and this may affect our distributions. Although regulations explaining the precise method of apportionment have not yet been issued by the IRS, we intend to apportion in the same proportion that dividends paid to each stockholder bear to our taxable income (before the dividends paid deduction), unless we determine that a different method for a particular item is appropriate. You should consult your own tax advisor to determine how an investment in Newtek MD's stock may be affected.

We will withhold U.S. federal income tax (backup withholding) from all distributions to any U.S. Holder (other than a U.S. Holder who is exempt from backup withholding or (1) who fails to furnish us with a correct taxpayer identification number or a U.S. Holder who is exempt from backup withholding or (2) with respect to whom the IRS notifies us that such U.S. Holder has not reported certain interest and dividend income to the IRS and to respond to notices to that effect. An

or social security number. Any amount withheld under backup withholding is allowed as a credit against income tax liability, provided that proper information is provided to the IRS.

Common stock through foreign accounts or intermediaries will be subject to U.S. withholding tax at a rate of 30% on the net proceeds of sale of our common stock paid after December 31, 2016 if certain conditions to U.S. accounts are not satisfied.

We intend to adopt a dividend reinvestment plan following the BDC Election through which all distributions to our stockholders in the form of additional BDC Shares, unless a stockholder elects to receive cash instead of reinvestment. Any distributions made to a U.S. stockholder that are reinvested under the plan will be made to the U.S. stockholder. The U.S. stockholder will have an adjusted tax basis in the additional BDC Shares equal to the amount of the reinvested distribution. The additional BDC Shares will have a new issue date the day following the day on which the BDC Shares are credited to the U.S. Holder's account.

The tax consequences of distributions to a Non-U.S. Holder will depend upon that person's particular circumstances. Distributions to a Non-U.S. stockholder may have adverse tax consequences. Non-U.S. Holders should consult

with their tax advisers regarding the tax consequences of distributions to Non-U.S. Holders (including interest income and realized net short-term capital gains and long-term capital losses, which generally would be free of withholding if paid to Non-U.S. Holders). We will withhold federal tax at a 30% rate (or lower rate provided by an applicable treaty) to the extent of distributions of dividends and profits unless an applicable exception applies. If the distributions are effectively connected with the Non-U.S. Holder, we will not be required to withhold federal tax if the Non-U.S. Holder provides a valid certification and disclosure requirements, although the distributions will be subject to U.S. federal income tax for U.S. persons. (Special certification requirements apply to a Non-U.S. stockholder that is a foreign person. Such entities are urged to consult their own tax advisers).

Beginning on or after January 1, 2014, no withholding was required with respect to certain distributions if (i) the distributions were reported to our stockholders as interest-related dividends or short-term capital gain dividends in the hands of the stockholders, (ii) the distributions were derived from sources specified in the Code for such dividends and (iii) the conditions for the exemption were satisfied. Currently, we do not anticipate that any significant amount of our distributions would be exempt from withholding. No assurance can be provided that this exemption will be extended for distributions made on or after December 31, 2013.

Distributions of our net capital gains to a Non-U.S. stockholder, and gains realized by a Non-U.S. Holder upon the sale of our common stock, will not be subject to federal withholding tax and generally will not be subject to federal income tax if the distributions, as the case may be, are effectively connected with a U.S. trade or business of the Non-U.S. Holder.

Non-U.S. Holders entitled to claim the benefits of an applicable tax treaty or that are individuals that are present in the U.S. for 183 days or more during a taxable year may be different from those described herein. Non-U.S. Holders should consult their tax advisers with respect to the procedure for claiming the benefit of a lower treaty rate and the

availability of the exemption. If the distributions are in the form of deemed rather than actual distributions, a Non-U.S. Holder will be entitled to a tax refund equal to the stockholder's allocable share

gains deemed to have been distributed. In order to obtain the refund, the Non-U.S. Holder must obtain a U.S. taxpayer identification number and file a U.S. federal income tax return even if the Non-U.S. Holder would not otherwise be required to do so. For a corporate Non-U.S. taxpayer identification number or file a U.S. federal income tax return. For a corporate Non-U.S. taxpayer (both actual and deemed), and gains realized upon the sale of our common stock that are effectively taxable to the Non-U.S. Holder may, under certain circumstances, be subject to an additional branch profits tax at a 30% rate (reduced by an applicable treaty). Accordingly, investment in BDC Shares may not be appropriate for a

Non-U.S. Holder who is a non-resident alien individual, and who is otherwise subject to withholding of federal tax, may be subject to backup withholding of U.S. federal income tax on dividends unless the Non-U.S. Holder provides us with an IRS Form W-8BEN or Form W-8BEN-E (or an acceptable substitute form) or otherwise meets the requirements for establishing that it is a Non-U.S. Holder or otherwise establishes an exemption from backup withholding.

As the Foreign Account Tax Compliance Act imposes a 30% withholding tax on payments of certain interest and dividends made by financial institutions that fail to enter into an agreement with the U.S. Treasury to report certain required information to the IRS, the tax include U.S. source interest and dividends paid after June 30, 2014 and the gross proceeds from the sale of U.S.-source interest or dividends paid after December 31, 2016. The information required to be reported includes the identity and taxpayer identification number of each account holder that is a U.S. person and the account holder's account. In addition, subject to certain exceptions, this legislation also imposes a 30% withholding tax on payments of interest and dividends made by foreign entities that are not financial institutions unless the foreign entity certifies that it does not have a substantial U.S. owner. If the Non-U.S. Holder provides the withholding agent with identifying information on each greater than 10% U.S. owner, the tax rate will be reduced, depending on the status of a Non-U.S. Holder and the status of the intermediaries through which the distributions are made. Non-U.S. Holders could be subject to this 30% withholding tax with respect to distributions on dividends and interest from the sale of their BDC Shares. Under certain circumstances, a Non-U.S. Holder might be eligible for a reduced rate.

We recommend that you consult with your own tax advisers with respect to the U.S. federal income tax and withholding tax, and state, local and foreign tax consequences of an investment in the shares.

Even if we do not meet the Investment Company Test or the Diversification Tests for any taxable year, we may nevertheless qualify as a RIC for purposes of the Code (which may, among other things, require us to pay certain corporate-level federal income taxes).

If our treatment as a RIC and the foregoing relief provisions are not applicable, we would be subject to tax on our earnings at regular corporate rates, regardless of whether we make any distributions to our stockholders. If we are not a RIC, any distributions would be taxable to our stockholders as ordinary dividend income to the extent of our current and accumulated earnings and profits and, subject to certain limitations, may be eligible for the 20% maximum capital gains tax rate provided certain holding period and other requirements were met. Subject to certain limitations under the Code, distributions would be eligible for the dividends-received deduction. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholder's tax basis, and any amount in excess of the stockholder's tax basis would be treated as a capital gain. To requalify as a RIC in a subsequent taxable year, we would be required to meet the requirements for that year and dispose of any earnings and profits from any year in which we failed to meet the requirements. A limited exception applicable to RICs that qualified as such under Subchapter M of the Code for at least one year and that

the second year following the nonqualifying year, we could be subject to tax on any unrealized net gain to us during the period in which we failed to qualify as a RIC that are recognized within the applicable period), unless we made a special election to pay corporate-level tax on such built-in gain as a RIC.

As discussed above, if we undertake the Reincorporation Transaction and elect to qualify as a BDC, we intend to elect as a RIC under subchapter M of the Code beginning with our 2015 taxable year. To qualify as a RIC, we must, by the end of the first taxable year that we elect to be treated as a RIC all of our net capital gain from all taxable years that we were taxed as a C corporation. We intend to satisfy this requirement by distributing a Special Dividend. Although the Company cannot determine the amount of its accumulated C corporation net capital gain at the end of its 2014 taxable year, the aggregate amount of the Special Dividend will equal the amount of our net capital gain on earnings and profits as of such date. Following the Reincorporation Transaction, the Company will distribute an amount approximately equal to its pre-tax income. The portions of any such distributions that represent net capital gain will have the effect of reducing the amount of the Special Dividend. The timing of the distribution will be determined at the discretion of the Board, but in all events, the Special Dividend will be paid in 2015, which is our first taxable year that we anticipate that we will qualify as RIC. At the discretion of the Board, the Special Dividend may be paid in more than one installment.

The Special Dividend may be payable in cash or BDC Shares at the election of stockholders. In accordance with the Treasury regulations and private letter rulings issued by the IRS, a RIC may treat a distribution of net capital gain as a dividend if each stockholder may elect to receive his or her entire distribution in cash, subject to a limitation that the aggregate amount of cash to be distributed to all stockholders must be a pro rata distribution. If too many stockholders elect to receive cash, each stockholder electing to receive cash will receive a pro rata amount of cash (with the balance of the distribution paid in stock). In no event will any stockholder who elects to receive cash, receive less than 20% of his or her entire distribution in cash. If these and certain other conditions are met, for federal income tax purposes, the entire amount of the distribution, including the portion amount of the distribution that is paid in stock, will be treated as a taxable distribution that will satisfy the requirement to distribute all of our net capital gain in all taxable years prior to our qualification as a RIC.

U.S. Holders. Each U.S. Holder must include the sum of the value of the our stock and the amount of the Special Dividend in his, her, or its gross income as dividend income. The Treasury regulations described above confirm that, for this purpose, the amount of the dividend paid in stock will be equal to the amount of cash that would have been received instead of the stock. A stockholder that receives our stock pursuant to the Special Dividend will include in such stock equal to the amount of cash that could have been received instead of such stock as if the Special Dividend had been received in such stock would begin on the day following the payment date for the dividend.

In addition to the requirements described above, and other requirements, the Special Dividend will be eligible for the reduced maximum tax rates applicable to dividends received by non-corporate stockholders. If the Special Dividend is paid prior to effective date of our election to become a RIC, which is expected to be January 1, 2015, such dividend generally will be eligible for the dividends received deduction available to stockholders that are domestic corporations but not S corporations. However, if the Special Dividend is paid after our election to become a RIC, it is uncertain whether such distribution will be eligible for the

U.S. federal income tax (backup withholding) from all distributions to any U.S. stockholder (other than a stockholder who qualifies for an exemption) (1) who fails to furnish us with a correct taxpayer identification number or (2) with respect to whom the IRS notifies us that such stockholder does not report certain interest and dividend income to the IRS and to respond to notices to that effect. An amount withheld under backup withholding is not deductible for the stockholder's federal income tax liability, provided that proper information is provided to the

stockholder to consult their own tax advisors to determine the federal, state, and local income tax consequences of the dividend under the unique circumstances.

Non-U.S. Holders. For non-U.S. Holders, the dividend will be subject to withholding of U.S. Federal income tax at a 30% rate (or such lower rate as may be specified by an applicable income tax treaty), unless it is exempt from withholding by the conduct by the non-U.S. Holder of a United States trade or business. Certain certification may be satisfied for the stockholder to be exempt from withholding under the effectively connected income tax provisions or a reduced rate of withholding under an applicable treaty. If the dividend is effectively connected with the conduct of a trade or business, such non-U.S. Holder will be subject to tax on the dividend on a net basis (that is, on a net basis graduated rates and generally will not be subject to withholding. A non-U.S. Holder that is a resident of a country that has an additional branch profits tax on the dividend at a 30% rate or such lower rate as may be specified by an applicable tax treaty.

The above provisions will apply to the payment of the dividend, and backup withholding may apply, unless the payee is a non-U.S. Holder who can or otherwise establishes an exemption.

The Foreign Account Tax Compliance Act generally imposes a 30% withholding tax on payments of certain interest and dividend payments to financial institutions that fail to enter into an agreement with the U.S. Treasury to report certain required information about accounts held by U.S. persons (or held by foreign entities that have U.S. persons as substantial owners). The tax include U.S. source dividends paid after June 30, 2014. The information required to be reported includes the taxpayer identification number of each account holder that is a U.S. person and transaction activity information. In addition, subject to certain exceptions, this legislation also imposes a 30% withholding on payments to financial institutions unless the foreign entity certifies that it does not have a greater than 10% U.S. owner and provides identifying information on each greater than 10% U.S. owner.

Stockholders should consult their own tax advisers with respect to the U.S. federal income tax and withholding tax, and the consequences of the Special Dividend.

A Majority of the Outstanding Shares Transaction will require the affirmative vote of a majority of the outstanding Shares entitled to vote. Abstentions and Broker Non-Votes will have the effect of a vote against this proposal.

FOR THE REASON SET FORTH ABOVE, THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" PROPOSAL I TO APPROVE THE REINCORPORATION OF THE COMPANY AS BEMIS CO INC. THE REINCORPORATION DESCRIBED ABOVE IS IN THE BEST INTERESTS OF OUR STOCKHOLDERS AND THE COMPANY. PLEASE VOTE "FOR" PROPOSAL I.

SELECTED FINANCIAL AND OTHER DATA

Results of operations and balance sheet data have been derived from the audited financial statements for the years ended December 31, 2013 and the six-month unaudited period ended June 30, 2014. The Consolidated financial statements for the years ended December 31, 2012 have been audited by CohnReznick LLP. The Consolidated financial statements for the years ended December 31, 2013 have been audited by McGladrey LLP. The selected financial data set forth in this table, in conjunction with, and is qualified by reference to, Management's Discussion and Analysis of Financial Results and our Consolidated Financial Statements, including the Notes thereto, available at

FISCAL YEARS ENDED					SIX MONTHS ENDED
December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013	June 30, 2014
(In Thousands Except for Per Share Data)					
\$ 69,654	\$ 80,920	\$ 82,473	\$ 85,483	\$ 89,651	\$ 44,690
18,846	19,164	19,181	18,208	17,375	8,101
1,652	2,428	12,468	12,367	19,456	10,129
1,735	1,903	2,629	3,422	4,838	3,129
1,625	2,568	3,101	6,862	6,565	5,283
7,837	2,380	1,390	522	113	28
811	886	1,071	1,205	1,737	801
3,551	2,470	3,026	3,061	3,858	2,054
105,711	112,719	125,339	131,130	143,593	74,215
	3,494	(5,493)	(1,013)	(1,226)	(1,147)
			(111)		
900	38	(131)	3	21	
900	3,532	(5,624)	(1,121)	(1,205)	(1,147)
58,312	68,187	69,389	72,183	75,761	37,937
18,375	19,391	21,042	22,314	24,360	13,301
10,350	4,479	3,416	4,495	5,863	5,225
5,847	4,709	3,955	3,036	3,284	1,751
1,833	1,909	763	810	1,322	(66)
15,896	16,699	19,122	17,732	20,729	10,415
110,613	115,374	117,687	120,570	131,319	68,563

Edgar Filing: BEMIS CO INC - Form 424B2

(4,002)	877	2,028	9,439	11,069	4,505
(2,593)	(418)	(1,195)	3,882	3,918	1,760
(1,409)	1,295	3,223	5,557	7,151	2,745
980	144	112	86	377	40

\$ (429) \$ 1,439 \$ 3,335 \$ 5,643 \$ 7,528 \$ 2,785

FISCAL YEARS ENDED					SIX MONTHS
December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013	ENDED June 30, 2014
(In Thousands Except for Per Share Data)					
35,644	35,655	35,706	35,523	35,295	35,482
35,644	35,801	36,073	36,747	37,905	38,462
\$ (0.01)	\$ 0.04	\$ 0.09	\$ 0.16	\$ 0.21	\$ 0.08
\$ (0.01)	\$ 0.04	\$ 0.09	\$ 0.15	\$ 0.20	\$ 0.07
	3,324	24,055	43,951	83,685	98,033
\$ 136,082	\$ 165,015	\$ 129,795	\$ 152,742	\$ 198,612	\$ 200,896
\$ 16,298	\$ 28,053	\$ 13,565	\$ 39,823	\$ 41,218	\$ 43,613
\$	\$ 15,104	\$ 26,368	\$ 22,039	\$ 60,140	\$ 54,959
\$ 51,947	\$ 35,494	\$ 16,948	\$ 8,703	\$ 3,641	\$ 2,898
\$ (3,634)	\$ (3,002)	\$ 170	\$ 2,318	\$ 3,606	\$ 4,171
\$ 1,615	\$ 1,309	\$ 1,180	\$ 2,055	\$ 1,665	\$ 1,592
\$ 54,027	\$ 55,594	\$ 59,153	\$ 68,902	\$ 77,009	\$ 80,564
35,648	35,666	35,702	35,178	35,385	35,619
\$ 1.52	\$ 1.56	\$ 1.66	\$ 1.96	\$ 2.18	\$ 2.26

SELECTED QUARTERLY FINANCIAL DATA

tain quarterly financial data for each of the quarters for the fiscal years ended December 31, 2013, s ended June 30, 2014. This data is derived from our unaudited financial statements. Results for any tive of results for the full year or for any future quarter.

Three Months Ended
(In Thousands, except Per Share Data)

	March 31	June 30
	\$ 36,087	\$ 38,128
	\$ 2,216	\$ 2,289
stockholders	\$ 1,391	\$ 1,394
	\$ 0.04	\$ 0.04
	\$ 0.04	\$ 0.04

Three Months Ended
(In Thousands, except Per Share Data)

	March 31	June 30	September 30	December 31
	\$ 34,144	\$ 37,011	\$ 34,774	\$ 37,664
	\$ 2,202	\$ 2,881	\$ 1,953	\$ 4,033
stockholders	\$ 1,452	\$ 1,842	\$ 1,820	\$ 2,414
	\$ 0.04	\$ 0.05	\$ 0.05	\$ 0.07
	\$ 0.04	\$ 0.05	\$ 0.05	\$ 0.06

Three Months Ended
(In Thousands, except Per Share Data)

	March 31	June 30	September 30	December 31
	\$ 30,729	\$ 32,338	\$ 33,458	\$ 34,605
	\$ 1,633	\$ 1,946	\$ 2,659	\$ 3,201
stockholders	\$ 1,019	\$ 1,243	\$ 1,307	\$ 2,074
	\$ 0.03	\$ 0.03	\$ 0.04	\$ 0.06
	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.06

Three Months Ended
(In Thousands, except Per Share Data)

	March 31	June 30	September 30	December 31
	\$ 30,523	\$ 32,322	\$ 30,657	\$ 31,837
	\$ 834	\$ 136	\$ 335	\$ 723
Common stockholders	\$ 509	\$ (287)	\$ 880	\$ 2,233
and diluted	\$ 0.01	\$ (0.01)	\$ 0.02	\$ 0.07

INVESTMENT OBJECTIVES AND POLICIES

which are principally made through our small business finance platform under the SBA 7(a) rate of prime plus 2.75% which enables us to generate rapid sales of loans in the secondary market on investment in excess of 25%. We typically structure our debt investments with the maximum amount of personal guarantees from portfolio company owners, in many cases collateralized by other assets. In most cases, our debt investment will be collateralized by a first lien on the assets of the portfolio company and personal guarantees of guarantors. All SBA loans are made with personal guarantees from any owner(s) of 20% or more of the equity. As of June 30, 2014, 100% of our portfolio at fair value

t were secured by first or second priority liens on the assets of the portfolio company.

first lien loans generally have terms of one to twenty five years, provide for a variable interest rate, t penalties and are secured by a first priority security interest in all existing and future assets of the n loans may take many forms, including revolving lines of credit, term loans and acquisition lines of

ur second lien loans generally have terms of five to twenty five years, also primarily provide for a contain no prepayment penalties and are secured by a second priority security interest in all existing e borrower. We typically only take second lien positions on additional collateral where we also have ousness assets.

only make unsecured investments to our controlled portfolio companies, which because of our deemed to be more secure. Typically, these loans are to meet short term funding needs and are repaid

investments to include non-financial covenants that seek to minimize our risk of capital loss such as against change of control. Our debt investments have strong protections, including default penalties, ases, board observation rights and affirmative, negative and financial covenants. Debt investments t the controlled portfolio companies, have historically and are expected to continue to comprise in stments in number and dollar volume.

investments have been structured as debt, we have in the past and expect in the future to make arily as either strategic investments to enhance the integrated operating businesses or, to a lesser s. For investments in our controlled portfolio companies, we focus more on tailoring them to the mpanies than to immediate return. Our objectives with these companies is to foster the development ntegrated operational business of serving the SMB market, so we may reduce the burden on these w faster than they would otherwise as another means of supporting their development and that of the

make debt investments in conjunction with being granted equity in the company in the same class of ceives upon funding. We generally seek to structure our equity investments to provide us with ent-driven put rights. We also seek to obtain limited registration rights in connection with these piggyback registration rights.

ng team and our executive committee are responsible for all aspects of our investment selection scribes our historic investment procedures as well as the investment procedures we will use as a ent selection process are as follows:

ination

our portal, our patented NewTracker® technology, and our web presence as *The Small Business* have loan and deal sourcing infrastructure. This is maximized through long-standing and extensive relationships with brokers, commercial and investment bankers, entrepreneurs, services providers (such as lawyers, accountants and former clients, portfolio companies and our extensive network of strategic alliance partners). We have also made extensive use of radio and television advertising aimed primarily at lending to the SMB market. We have

knowledgeable and reliable source of capital, providing value-added advice, prompt processing, and support to our portfolio companies.

ent products and services, and those of our controlled portfolio companies, through referrals from CFCU, Credit Union National Association, EInsure, ENT Federal Credit Union, General Motors Credit Union, Legacy Bank, Morgan Stanley Smith Barney, Navy Federal Credit Union, New York State Thruway Authority, PNC National Bank and UBS Bank using our patented NewTracker® referral system as well as direct referrals from www.thesba.com. The patent for our NewTracker® referral system is a software application that provides methods for tracking, reporting and performing processing activities and transactions in association with referrals. It provides information for a variety of product and service offerings in a business-to-business environment with full transparency between referring parties. This system allows us and our alliance partners to review referrals in real time as well as to provide real time compliance oversight by the respective alliance partner, which may be the referred business client, the referring alliance partner and us.

Referrals are obtained from individual professionals in geographic markets that have signed up to our referral programs through our BizExec and TechExec Programs. These individuals are traditionally accountants, attorneys, CPAs, independent insurance agents and sales and/or marketing professionals. In addition, our services are marketed through independent sales representatives and web technology and ecommerce solutions, including internet-based marketing and third-party resellers. A common thread across all business lines of our portfolio companies relates to acquiring customers at low cost. We seek to bundle our marketing efforts through our patented NewTracker® referral system, our new web presence as *The Small Business Authority* and our other services. We expect that this approach will allow us to continue to cross-sell the financing services of our portfolio companies to our customers of our controlled portfolio companies and build upon our extensive deal sourcing capabilities.

Investment proposals that are received are screened for suitability and consistency with our investment strategy (see our portfolio companies above). In screening potential investments, our senior lending team and our investment team apply our value-oriented investment philosophy and commit resources to managing downside exposure. If a proposal does not meet our basic investment criteria, a business service specialist or other member of our team is assigned to evaluate the proposal.

Under our SBA 7(a) Program in accordance with our credit and underwriting policy, which incorporates by reference the regulations as they relate to the financing of such loans, including The United States Small Business Administration's Lending Procedures, Policies and Procedures for Financing (SOP 50 10).

In the application process for a loan originated under the SBA 7(a) Program, a business service specialist assists and oversees the application process, which begins with the submission of an online form. The online loan processing system provides information and ensures that all necessary forms are provided to the applicant and filled out. The system's screening is focused primarily on whether (i) the requested loan is for an eligible purpose, (ii) the loan amount and (iii) the applicant is an eligible borrower. If the applicant is eligible to fill out the entire application, the system pre-qualifies the applicant based on preset credit parameters that meet the standards of Newtek and the

Application materials have been completed, our underwriting department (the Underwriting Department) is responsible for reviewing and analyzing the application in order to accurately assess the level of risk associated with the application. The Underwriting Department is responsible for assuring that all information necessary to complete a loan application has been obtained and has been analyzed. Credit files are developed and maintained during the application process in such a manner as to facilitate file review during the life of the loan.

Under the SBA 7(a) Program, the primary application document is SBA Application Form 4 (Form 4) and the other things, Form 4 requires the following information:

1. Net worth;

2. Assets;

3. Term of the loan;

4. Collateral at the applicant and its affiliates and subsidiaries at the time the loan application is made and if the collateral is not sufficient, the collateral at the time the loan is approved;

5. Current, pending and previous indebtedness of the applicant to the SBA or other U.S. government agency and the amount of loss to the U.S. government;

6. Current business indebtedness; and

7. Credit history of the management of the applicant. If additional information is required:

(a) Statement of Personal History) for each proprietor or partner, and each officer, director or owner of the applicant;

(b) Schedule of assets (a) land and buildings, (b) machinery and equipment, (c) furniture and fixtures, (d) accounts receivable, (e) inventory or (f) other, an itemized list containing serial and identification numbers for all articles having an individual value of \$100 or more;

Balance sheet for each proprietor, each limited partner owning 20% or more in interest and each general partner owning 20% or more voting stock;

Business plan and the expected benefits of the loan;

Resumes for each member of management;

Profit and loss statements (or federal income tax returns) and reconciliations of net worth of the applicant or for which the applicant, its owners or majority stockholders has a controlling interest for the most recent interim period, or a projection of earnings for at least one year where financial statements for three years are unavailable;

For the applicant or unaffiliated co-signer on any loan, personal tax returns for the previous three years and the most

current balance of accounts receivable and payable;

Details of equipment or other non-real estate assets, if any, to be purchased with the loan proceeds and the cost

of such assets; and details of any prior bankruptcy or insolvency proceedings or pending lawsuits involving the applicant or any of its

franchise, a copy of the franchise agreement and the related FTC disclosure statement;

from, sells to or uses the services of any concern in which any employee of the applicant has a
information regarding such business concern;

any persons affiliated with the applicant who are employed by the SBA, any other federal
Business Advisory Council, ACE, SCORE or the related lender; and

only, a statement of estimated cost of the project and other sources of funding and copies of
on plans.

information as the foundation of sound credit analysis. To that end, we verify all business income tax
Service and generally request that financial statements be submitted on an annual basis after the
or business guarantors, we request federal income tax returns for each fiscal year-end to meet the
requirement. For interim periods, we will accept management-prepared financial statements. The most
not be more than ninety days old at the time of the approval of the loan, but we generally request
information not be older than sixty days in order to provide time for underwriting and submission to
individuals or personal guarantors, we require a personal financial statement dated within ninety
days is preferred) and personal income tax returns for the prior three years. In connection with each
financial information, the personal financial information of each principal must also be updated. Spouses
financial statements in order for the Underwriting Department to verify compliance with the SBA's
policy, the Underwriting Department will ensure that there has been no adverse impact on financial
principals since the approval of the loan. If closing does not occur within ninety days of the date on
which the business and personal financial statements must be obtained and any adverse change must be
reported to the lender. If the loan may be disbursed. If closing does not occur within six months of the date on which the loan
is originally required to reapply for the loan.

stress test requires a stress test on the applicant's interest rate to gauge the amount of increase that can be
in cash flow and still provide sufficient cash to service debt. The applicant's cash flow is tested up to a 2%
increase. If the applicant's debt service coverage ratio decreases to 1:1 or less than 1:1, the loan may only be made as
per our Guidelines and would require the approval of our credit committee.

an authorized representative of Newtek first making a site visit to the business premises. We
may not make the required site visit but may from time to time send our own employees to perform this
visit. We will generate a narrative of the business property as well as photographs of the business property. Additional
physical on-site inspection is warranted.

primarily based upon an analysis of the character, cash flow, capital, liquidity and collateral involved in

credit report to be obtained on any principal or guarantor involved in a loan transaction. Emphasis
individual credit histories, as this is a primary indicator of an individual's willingness and ability to
credit information must

101

principal, and must be attached to the personal credit report in the credit file. No loan will be made if any factor calls into question the repayment ability of the business operation. A loan request from an applicant with a bankruptcy within the ten years preceding the loan application will require special consideration. A review of the bankruptcy and impact on creditors will be undertaken in determining whether the principal is willing and able to repay debts. In addition, we will examine whether the applicant and its guarantors are protected by the laws of their community. Any situation where a serious question concerning a loan application will be reviewed on a case-by-case basis. Unresolved character issues are grounds for declining a loan based on the applicant's financial condition or performance.

Cash flow is the primary and desired source of repayment on any loan, and therefore is the primary consideration in a transaction in which the repayment is not reasonably assured through cash flow will be declined, based on the applicant's strengths. At a minimum, combined Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) will be used to evaluate repayment ability. Other financial analysis techniques will be employed as needed to determine the ability to repay. Where repayment is based on past experience, the applicant must demonstrate a coverage of 1.2 times based upon the most recent fiscal year-end financial statement. A determination of repayment ability based solely upon interim operating results. Where repayment ability is not evident from historical financial statements (new businesses and changes of ownership), projections will be analyzed to determine whether repayment is reasonably assured. For changes in ownership, monthly cash flow forecasts will be analyzed to determine whether the applicant's needs.

In addition, the applicant will be required to submit projections and support such projections by detailed breakdowns of revenue and expense categories and an explanation of how the projections will be met. Analysis must be compared to the Risk Management Association (RMA) industry averages. EBITDA must be reasonably forecast to be covered by at least 1.2 times, after accounting for the initial phase of operations. For change of ownership transactions, coverage must be measured against the actual historical financial results of the seller of the business concern. The applicant's repayment ability of not less than 1.2 times.

Debt coverage is a key financial indicator of the financial health of a business. For going concern entities, the pro-forma debt to tangible net worth ratio, may not exceed the RMA industry median or 4 to 1, whichever is lower. For acquisition transactions, generally 25% of total project costs should be contributed as equity resulting in debt coverage of 1.2 times.

In a transaction where a substantial portion of intangibles are included within the transaction, adequacy of cash flow must be based upon an evaluation of the business value and level of injection. In determining the legitimacy of the transaction, the lender must utilize two SBA approved valuation methods, as outlined in SOP 50 10. If the business value is not supported and the equity injection into the project is within our requirements as outlined herein, then the capital injection is not satisfactory.

Debt and affiliate loans may be added back to net worth only if such loans will be subordinated for the life of the loan and interest payments to be made. Financing by the seller of the business may also be considered as a contribution on full standby for the life of the SBA loan. Adjustments to net worth to account for the difference between book and fair market value of fixed assets may be made only when supported by a current appraisal. Appraisals on a regular basis are required.

Debt coverage by the current ratio, must be in line with the RMA industry average. An assessment of the adequacy of cash flow and an assessment of the liquidity of a business is essential in determining the ability to meet future obligations. For businesses such as hotels and restaurants requires less analysis of the liquidity of the business due to the high level of working capital with

Inventory accounts require thorough review of the cash cycle of the business and evaluation of the receivable accounts. The current and quick ratios and turnover of receivables, payables and inventory are primary factors in determining the adequacy of these liquidity measures.

Reasonably secure each loan transaction with all worthwhile and available assets. Pursuant to SOP 5010, decline a loan if the only weakness in the application is the value of collateral in relation to the loan amount available to the business and its principals have been pledged. As set forth in SOP 5010, a loan is considered secured if the SBA has a security interest in assets with a combined collateral value that equals or exceeds the loan amount. Net liquidation value of an asset means the amount expected to be realized if the lender took possession after a loan application, conducting a reasonable search for a buyer and after deducting the costs of taking possession, less the value of any existing liens (Net Liquidation Value). Collateral coverage will be based on the Net Liquidation Value. While the mortgage industry has historically used a loan to value ratio to help assume an appropriate level of risk, the use of SBA's collateral value on a case by case basis will provide room for considering local and regional market conditions, resulting in a tailored collateral valuation for each transaction. Collateral coverage is established and fully justified in each transaction. If coverage is not full and worthwhile assets are available to be pledged or the loan application must be declined. However, if coverage is not full and worthwhile assets are available, the loan application may not be declined solely for lack of collateral, provided that all available assets

are pledged in each transaction with as much real estate and liquid asset collateral as necessary; however, all collateral is evaluated on the basis of the Net Liquidation Value to determine the realizable value among assets. The following percentages are applied as follows:

- Accounts receivable 75%
- Inventory 80%
- Real estate 50%
- Equipment 10%
- Accounts payable 20%
- Prepaid expenses 5%
- Other assets 100%

will vary dependent upon type of license and geographic area. The liquidation rate used must be fully

the criteria specified above, there are certain special industry-specific requirements that will be
a decision.

imum equity injection required in a change of ownership transaction is generally 20% but may be
as medical and dental practices, gas stations and convenience stores, flag hotels and strong

the seller of the business, the applicant must inject not less than 10% of the project cost; the seller of
ance on a complete standby basis for the life of the SBA loan. Exceptions to the equity requirement
asis.

ction, the application must be accompanied by a business plan including reasonable financial
formance of the seller of the business must be evaluated based upon three years of corporate income tax
ncial statement. Projections for the

historical financial performance at the business location. In cases where financial performance of a satisfactory explanation must be provided to detail the circumstances of performance. Projections must be supported by detailed assumptions and be supported by information contained in the business plan.

experience in the industry and demonstrate the ability to successfully operate the business. In the case of a franchise, we will generally take into account the reputation of a franchisor for its assistance to its franchisees.

of ownership transactions. The loan underwriter will review the contract for sale, which will be required to include a complete breakdown of the purchase price, which must be justified by an appraisal or directly by the loan underwriter through an approved valuation method specified in SOP 50. The sale must be an arm's length transaction (but transactions between related parties are permitted so long as the sale will preserve the existence of the small business or promote its sound development. In the case of a franchise, the seller of the business must provide the prior three years of financial statements and a current interim financial statement, as applicable.

of ownership transaction, the Loan Processing area of the Underwriting Department will order a search on the seller of the existing business. If such a search identifies any adverse information, the Underwriting Manager or Operations Manager so a prudent decision may be made with respect to the

proceeds for the acquisition or refinancing of land or an existing building or for renovation or construction must meet the following criteria:

at least 51% owner-occupied pursuant to SBA policies; and

not be used to remodel or convert any rental space in the property.

For refinancing of construction of a new building must meet the following criteria:

at least 51% owner-occupied pursuant to SBA policies; and

In addition to the current requirements of the applicant, projections must demonstrate that the applicant will need the space within three years, and will use all of the additional space within ten years.

Appraisals are required on all primary collateral prior to the loan closing. In general, appraisals will be

00 a formal opinion of value prepared by a real estate professional with knowledge of the local

00 to \$500,000 a limited summary appraisal completed by a state certified appraiser;

00 to \$1 million a limited summary appraisal by a Member of the Appraisal Institute (MAI)

on a complete self-contained appraisal by a MAI appraiser.

environmental questionnaire are required for all commercial real estate taken as collateral.

are required as follows:

up to \$500,000 a transaction screen including a records review;

in excess of \$500,000 a Phase I Environmental Report; and

s of property, a Phase I Environmental Report will be required regardless of property value: gasoline washes, dry cleaners and any other business known to be in environmentally polluting industries. state taken as collateral:

ommended, the recommended level of testing will be performed prior to the loan closing; and

remedial action to be taken by the business, such actions must be completed prior to the loan closing must be provided prior to funding.

ction with a loan application relating to the financing of a medical business, all medical licenses will renewal of license constituting grounds for denial of the application. In addition, medical nce of malpractice liability insurance of at least \$2,000,000 or the loan amount, whichever is higher. aintained for the life of the loan.

loan applications will be evaluated as to eligibility by accessing SBA's Franchise Registry. If the and the current franchise agreement is the same as the agreement listed in the registry, Newtek will nt. However, the franchise agreement will be reviewed for eligibility by the loan underwriter when) the franchise is not listed on the SBA's Franchise Registry or (ii) the franchise is on the registry, ed a Certification of No Change on Behalf of a Registered Franchisor or a Certification of Changes isor.

an underwriter will prepare a credit package (the Credit Package). All credit and collateral issues are including but not limited to, the terms and conditions of the loan request, use of proceeds, collateral the applicant and business, management strength, repayment ability and conditions precedent. The commend approval, denial or modification of the loan application. The Credit Package is submitted er review and final decision regarding the loan application.

as provided certain reasons for declining a loan application. Other than rejections for ineligibility of s or the loan purpose, Newtek may decline a loan application for the following reasons:

along with other factors, is not deemed sufficient to protect the interest of the U.S. government;

urance of ability to repay loan (and other obligations) from earnings;

urance that the business can be operated at a rate of profit sufficient to repay the loan (and other
ings;

requested and of debts to tangible net worth before and after the loan;

capital after the disbursement of the loan;

he financial assistance requested would be to replenish funds distributed to the owners, partners, or

vidence that the funds required are not obtainable without undue hardship through utilization of
ources of the owner, partners or shareholders;

e loan requested would be to refinance existing indebtedness presently financed through normal

with applicant s tangible net worth is already being provided on terms considered reasonable;

tween owner s actual investment and the loan requested;

urance that applicant will comply with the terms of the loan agreement;

nance on an existing loan;

injury not substantiated; or

r taking into consideration prior liens and considered along with other credit factors, the net value of
s security is not sufficient to protect the interests of the U.S. government.

we will issue a commitment letter to the applicant. After approval, the SBA and Newtek enter into a
which sets forth the terms and conditions for the SBA s guaranty on the loan. The closing of a loan is
whose primary responsibility is closing the loan in accordance with the related Loan Authorization in
commercial loan closing procedures, to ensure that the SBA will not repudiate its guaranty due to
SBA Rules and Regulations or defective documentation. Before loan proceeds are disbursed, the
applicant s required capital injection, ensure that proceeds are being used for a permitted purpose and
the Loan Authorization Agreement (including, but not limited to, required insurance and lien
considerations) and SBA Rules and Regulations (including the use of proper SBA forms) have been

n borrowing account. Credit files, in either hard copy format or electronic copy, are maintained by
d organized according to a specified format. The file contains all documentation necessary to show:
ose, compliance with policy, conditions, rate, terms of repayment, collateral, and (c) the authority
file is subject to review or audit by the SBA at any time. Upon final action being taken on a loan
y for closing and servicing will be copied and maintained, while information not considered
ff-site storage. Once a loan has been disbursed in full, credit files containing all documentation will
other electronic storage media and maintained under the authority of the administration staff. Any
edit file must obtain it from the administration staff member having responsibility for safeguarding
earranged electronic file process. Removal of any information from the file will compromise the
it files will not be removed from office premises.

ents

ments other than SBA 7(a) loans or similar conventional loans to SMBs, our executive committee
g potential loans or investments, in supervising the due diligence process, in the preparation of deal
n of the transactions. The members of the executive committee complete due diligence and analyze
ective portfolio

itions and expected financial performance. Due diligence addresses some or all of the following of the proposed investment:

management and relevant key employees;

historical and projected financial statements, including covenant calculation work sheets;

customers and suppliers;

and checks;

third-party accountants, outside counsel and other industry, operational or financial experts; and

acts.

significant, ongoing attention is devoted to sensitivity analyses regarding whether a company might cease and remain profitable and in compliance with assumed financial covenants. These downside assumptions regarding the loss of key customers and/or suppliers, an economic downturn, adverse relevant stressors that we attempt to simulate in our quantitative and qualitative analyses. Further, we test these scenarios on financial ratios and other metrics.

Closing

Due diligence process, the executive committee will review the results and determine if the transaction is acceptable prior to the commencement of documentation, approval from our senior lending team and executive committee. If approved, the underwriting professionals heretofore involved proceed to documentation.

Any documentation challenges are brought before our senior lending team and executive committee for review. Upon the completion of satisfactory documentation and the satisfaction of closing conditions, the executive committee before closing and funding.

Portfolio Companies

Policy

We monitor our portfolio companies on an ongoing basis. We monitor the financial trends of each portfolio company, review its business plan and to assess the appropriate course of action for each company. We generally require portfolio companies to provide annual audits, quarterly unaudited financial statements with management discussion and analysis certificates, and monthly unaudited financial statements. Using these monthly financial statements, we monitor financial covenants and additional financial coverage ratios that might not be part of our covenant structure. For purposes of analyzing a portfolio company's financial performance, we sometimes adjust their pro-forma results in the event of a recent change of control, sale, acquisition or anticipated cost

that, through our integrated marketing and sale of each service line our wholly-owned subsidiaries
es to our portfolio companies (including electronic payment processing services through NMS,
rough NMS, and payroll services through NPS), we have in place extensive and robust monitoring

uating and monitoring the performance and fair value of our investments, including the following:

in adhering to each portfolio company s business plan and compliance with covenants;

contact with portfolio company management to discuss financial position, requirements and

other portfolio companies in the industry, if any;

participation in board meetings; and

quarterly financial statements and financial projections for portfolio companies.

Generally, we risk rate all of our investments including loans. In general, our rating system uses a scale of 1 to 5 based on the probability of default and principal loss. Our internal rating is not an exact system, but is used internally to assess the probability of default on our debt securities and (ii) loss of our debt or investment principal, in the event of a default. Our rating system may also assist our valuation team in its determination of the estimated fair value of our debt securities. Our internal risk rating system generally encompasses both qualitative and quantitative factors.

Our risk rating system incorporates the following eight categories:

Description

Highest Quality Loans or investments that exhibit strong financial condition and repayment capacity. These credits have adequate financial information. Generally as loans these credits are well secured by marketable collateral. These credits are current and have not demonstrated a history of late-pay or delinquency. There are no significant credit administration weaknesses. This score represents a combination of a strong acceptable credit and a high level of credit administration. Newly underwritten loans or investments may be rated in this category if they possess above-average attributes in all of the above areas. In general, as investments these credits are well secured and meet our internal expectations, and potential risks to the applicable investment are considered to be low compared to any potential risks at the time of the original investment.

Average Quality These loans or investments are supported by financial condition and repayment capacity that offset marginal weaknesses. Generally, as loans these credits are secured but may be less than fully collateralized. These loans are current or less than 30 days past due and may or may not have a history of late payments. There are minor non-material credit administration weaknesses or errors in verifying that do not put the guaranty at risk or cause wrong or poor credit decisions to be made. This risk rating should also be used to assign an initial rating to loans or investments that are recommended for approval by underwriting. Without a performance history, identified credit administration deficiencies, emphasis should be placed on meeting or exceeding underwriting standards collateral protection, industry experience, and guarantor strength. It is expected that most of our loans will be of this quality.

Below Average These loans or investments are the low-end range of acceptable. Loans would be less than fully secured and probably have a history of late pay and/or delinquency, though not severe. They contain one or more credit administration weaknesses that do not put the guaranty at risk or cause wrong or poor credit decisions to be made. This risk rating may also be used to identify new loans or investments that may not meet or exceed underwriting standards, but are approved because of offsetting strengths in other areas. These credits, though of below average quality, typically do not possess the same strengths as those in the 1 or 2 categories. In general,

may be performing below internal expectations and quantitative or qualitative risks may have
ially since the date of the investment.

108

description

Specially Mentioned (OAEM or Special Mention) Strong These loans or investments are supported by sound worth and cash flow or other paying capacity, but exhibit a potentially higher risk than acceptable credits. While there is an undue or unwarranted credit risk, it is not yet to the point of substandard classification. Generally, these loans demonstrate some delinquency history and contain significant weaknesses. Performance may show signs of slippage, but can still be corrected. Credit does not require a specific allowance at this point but a risk of loss is present.

Workout These assets contain well defined weaknesses and are inadequately protected by the worth and paying capacity of the borrower. Generally, loan collateral protects to a significant extent. Probability of loss if the deficiencies are not corrected and secondary sources may have to be used to complete credit administration can range from very good to adequate indicating one or more oversights, errors, or omissions which are considered significant but not seriously misleading or causing an error in the loan decision. Performance has slipped and there are well-defined weaknesses. A specific allowance is in order or risk of loss is present.

Liquidation These assets contain well defined weaknesses and are inadequately protected by the worth and paying capacity of the borrower or investee. In addition, the weaknesses are so severe that the credit is unlikely. For loans, secondary sources will have to be used for repayment. Credits in this category could be severely stressed, nonperforming, and the business may be non-viable. There could be significant credit administration issues as well. A specific allowance should be established or the lack of collateral is justified.

This classification contains all of the weaknesses inherent in a substandard classification but with the probability that the weaknesses make collection or repayment of principal in full, on the basis of existing assets and values, highly questionable and improbable. The probability of loss is very high, but the exact amount cannot be estimable at the current point in time. Loans in this category are severely stressed, generally nonperforming and/or involve a nonviable operation. Collateral may be difficult to value because of limited liquidity and available market, or unknown location or condition of the collateral. Credit administration issues can range from few to severe and may jeopardize the credit as well as the guaranty. All such loans or investments should have a specific allowance.

Loans or investments classified as loss are considered uncollectible and of such little value that their liquidation value is no longer warranted. This classification does not mean that the credit has no value but, rather, it is not practical to defer writing off this asset. It is also possible that the credit cannot be supported by the credit administration process. Documents and verification are lacking; if the credit is undocumented, there is no assurance that the loan is eligible or that a correct credit decision was made. Losses are loans where a loss total can be clearly estimated. Losses should be taken during the quarter in which they are identified.

When appropriate, change the investment ratings assigned to each loan or investment in our portfolio. In the review process, our management will review these investment ratings on a quarterly basis, and our board of directors will review the investment ratings. The investment rating of a particular investment should not, however, be deemed to be a guarantee of performance.

Significant operating and managerial assistance to our portfolio companies and our controlled portfolio companies will continue to offer, and must provide upon request, managerial assistance to our portfolio companies. This assistance may include, among other things,

financial performance of our portfolio companies, participating in board and management meetings, directors of portfolio companies and providing other organizational and financial assistance. We may also provide other services.

The investment committee of each of Newtek NY's Capcos meets to evaluate each of its investments, taking into account the companies' net book value, cash flow and net income, among other things. Newtek NY also used an independent valuation firm to estimate the fair value of NSBF's servicing assets, using assumption of prepayments, defaults, and other factors. Upon effectuating the Reincorporation Transaction, we will conduct the valuation of our assets, and the fair value shall be determined, at all times consistent with U.S. Generally Accepted Accounting Principles. Our valuation procedures are set forth in more detail below:

Investments that are readily available on an exchange shall be valued at such price as of the closing price on the exchange. If we are unable to obtain quotes with respect to certain of our investments from pricing services or brokers or dealers, and if, after making every effort to do so, we will determine whether the quote obtained is sufficient according to GAAP to determine if the quote is determined adequate, we will use the quote obtained.

Investments for which market quotations are not readily available or for which the pricing source does not provide a valuation or methodology that, in the judgment of our board of directors, does not represent fair value, or if a substantial majority of the investments in our portfolio, shall be valued as follows: (i) each portfolio investment shall be valued by the investment professionals responsible for the portfolio investment; (ii) preliminary valuations shall be presented and discussed with our senior lending team and executive committee; (iii) independent valuations shall be obtained by, or on behalf of, the board of directors will conduct independent appraisals, review the valuations and prepare separate preliminary valuation conclusions on a selected basis; (iv) the audit firm shall review the preliminary valuation of our senior lending team and executive committee and/or that of the independent appraisers and responds to the valuation recommendation with comments, if any; and (v) the board of directors shall determine the fair value of each investment in our portfolio in good faith based on the input of the audit firm.

Valuations involve subjective judgments and estimates not susceptible to substantiation by auditing procedures. In accordance with accounting standards, the notes to our financial statements will refer to the uncertainty with respect to the valuations, and any change in such valuations, on our financial statements.

Valuations will generally be based on the following factors, as relevant:

• Book value of any collateral;

• Ability to make payments;

• Earnings and discounted cash flow;

• How the issuer does business; and

ded securities.

ations are not readily available or for which a pricing source is not sufficient may include, but are

stricted securities that do not have an active trading market;

been suspended or for which market quotes are no longer available;

110

ently gone into default and for which there is no current market;

stale;

icant events; and

nt professional believe were priced incorrectly.

her SMB loans with other financial institutions and various SMB lenders, as well as other sources of
on for investment opportunities has emerged among alternative investment vehicles, such as
CLOs), some of which are sponsored by other alternative asset investors, as these entities have begun
n SMBs. As a result of these new entrants, competition for our investment opportunities may
do have greater financial and managerial resources than we do but invariably lack the ability to
n and do not have the depth of our customer service capabilities. We believe we will be able to
arily on the basis of our financial technology infrastructure, our experience and reputation, our deep
o provide customized business solutions, our willingness to make smaller investments than other
breadth of our contacts, our responsive and efficient investment analysis and decision-making
ms we offer.

companies compete in a large number of markets for the sale of financial and other services to
portfolio companies competes not only against suppliers in its particular state or region of the country
ng on a national or even a multi-national scale. None of the markets in which our controlled
dominated by a small number of companies that could materially alter the terms of the competition.

ng segment competes with entities including Heartland Payment Systems, First National Bank of
r Web hosting segment competes with 1&1, Hosting.com, Discount ASP, Maxum ASP, GoDaddy®,
b® and Microsoft Live among others. Our small business finance platform competes with regional
lenders. Intuit® is bundling electronic payment processing, web hosting and payroll services similar
in the same small- to midsize-business market.

ur competitors are not as able as we are to take advantage of changes in business practices due to
for those with a larger size, are unable to offer the personalized service that many SMB owners and

fferent providers in our various business segments, we have been unable to identify any direct and
deliver the same broad suite of services focused on the needs of the SMB market with the same
ne of our competitive advantages include:

ch as our e-commerce offerings that we are able to bundle to increase sales, reduce costs and reduce
enable us to sell two, three, or four products at the same time;

referral system, which allows us to process new business utilizing a web-based, centralized
es back end scalability;

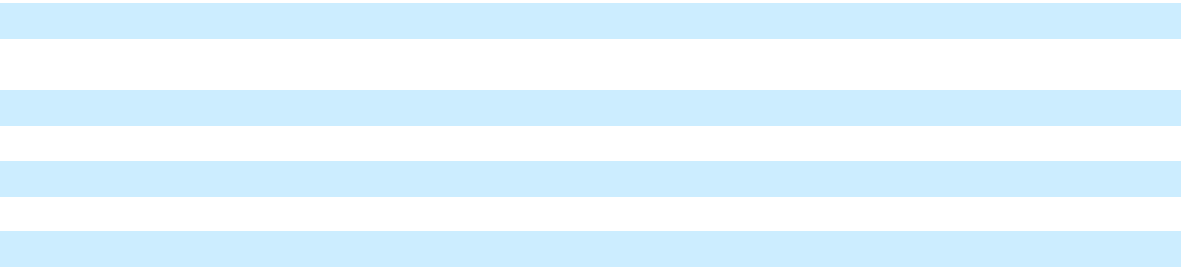
d marketing business services and financial products and services aimed at the SMB market;

s us to size our business services capabilities very quickly to meet customer and market needs;

SENIOR SECURITIES

urities is shown in the following tables as of the end of each fiscal year for the past ten years. The 2013 has been derived from Newtek NY's consolidated financial statements that have been audited by a public accounting firm. McGladrey LLP's report on the senior securities table as of December 31, 2013 is a registration statement of which this prospectus is a part.

Total Amount Outstanding Exclusive of Treasury Securities (1)	Asset Coverage Ratio Per Unit (2)	Involuntary Liquidation Preference Per Unit (3)	Average Market Value Per Unit (4)
60,140	\$ 2,966		N/A
22,039	\$ 5,933		N/A
26,368	\$ 3,758		N/A
15,104	\$ 5,538		N/A
41,218	\$ 4,327		N/A
39,823	\$ 3,284		N/A
13,565	\$ 7,305		N/A
12,949	\$ 6,460		N/A
16,298	\$ 4,315		N/A
25,998	\$ 3,157		N/A
22,065	\$ 4,920		N/A
16,391	\$ 7,229		N/A
21,287	\$ 6,344		N/A
27,988	\$ 4,381		N/A
1,000	\$ 118,498		N/A
8,000	\$ 16,880		N/A



112

MANAGEMENT

aged under the direction of our Board. Our Board elects our officers who serve at its discretion. Our whom are interested persons as defined in Section 2(a)(19) of the 1940 Act and three of whom are refer to as our independent directors. The responsibilities of each director will include, among other tment activity, the quarterly valuation of our assets, and oversight of our financing arrangements. n Audit Committee and a Compensation, Nominating and Corporate Governance Committee, and ees in the future.

rs

Directors and executive officers are as set forth below. The address for each director and executive services, Inc., 212 W. 35th Street, 2nd floor, New York, New York 10001.

Age	Position with Us	Director Since	Expiration of Term⁽⁵⁾
54	Chairman, Chief Executive Officer and President	1999	2014
48	Director, Chief Lending Officer		
71	Director	2002	2014
66	Director	2005	2014
65	Director	2010	2014

ndent Director because he is our President and Chief Executive Officer.
nittee.

on, Corporate Governance and Nominating Committee.

ed to the Board in conjunction with the completion of the BDC Election.

n, Board members will serve staggered 3 year terms to expire in 2015, 2016 and 2017.

ot Directors

Age	Position with Us
65	Executive Vice President and Chief Information Officer
41	Executive Vice President, Chief Accounting Officer and Acting Treasurer
70	Secretary, Executive Vice President, Chief Legal Officer and Chief Compliance Officer
59	Chief Risk Officer

ertain biographical information concerning our directors and executive officers.

Chairman and Chief Executive Officer since 1999 and as our President since 2008. Mr. Sloane has
of the Company-sponsored certified capital

114

From September 1993 through July 1995, Mr. Sloane was a Managing Director of Smith Barney, where he directed the Commercial and Residential Real Estate Securitization Unit, and he was national sales manager for mortgage and asset backed securities sales. From April 1991 through September 1993, Mr. Sloane was a Managing Director of Capital Markets, a consumer loan origination and securitization business which was eventually taken over by Citibank Consumer Funding. From October 1988 through March 1991, Mr. Sloane was Senior Vice President of Citibank, where he was responsible for directing sales of mortgage-backed securities. From August 1982 to March 1988, he was a senior mortgage security salesman and trader for Bear Stearns, L.F. Rothschild, E.F. Hutton and Citibank. Mr. Sloane's business and financial experience and his knowledge of the Company's businesses has been of great value to the Board.

Mr. Downs is currently Chief Credit Officer and will be appointed as director in connection with the BDC Election. He joined Newtek in 2003 as Chief Credit Officer of NSB and a member of both Credit and Risk committees for the company. He has had primary responsibility for the development of the company's lending policies and procedures, portfolio and marketing, from its inception. In addition to his primary responsibility as the Chief Credit Officer of NBC, with the primary responsibility to grow the company's receivable finance and management business. In addition he has been a member of the credit industry's Capcos. Prior to joining Newtek in 2003, Mr. Downs spent sixteen years in various small business lending roles in the industry. From 1990 to 2001, he was employed with European American Bank (EAB), where he was the New Business Development Officer for Small Business Lending and Group Manager of Retail Lending. His responsibilities encompassed the underwriting and servicing of the bank's small business loan portfolio. With EAB, Mr. Downs was asked to run the bank's SBA lending portfolio in New York, eventually named the National Small Business Lending Unit, managing the bank's SBA underwriting and sales efforts in all Citibank markets across the country. In addition, he has been involved in several non-profit small business advisory boards, and has been a member of the National Association of Government Guaranteed Lenders (NAGGL) Regional Technical Issues Committee.

Mr. Beck has been on Newtek's Board since 2002, serves as the Chair of the Audit Committee and serves on the Compensation and Nominating Committee. Mr. Beck has been Managing Director of Copia Capital, LLC, a private investment firm, since September 1998. Prior to founding Copia, Mr. Beck was CEO of Universal Savings Bancorp, an Interstate Corporation of Wisconsin, a publicly traded company. Mr. Beck also served as Chairman of Universal Saving Banc Holdings, Inc., from November 2002 until September 2009. Mr. Beck's more than 30 years' experience in the financial services industry qualifies him to serve on the Board. The insight gained as a managing director of a private equity firm also provides a significant addition to the Board.

Mr. Kirschner has been on Newtek's Board since 2010 and serves on the Audit Committee and the Compensation, Corporate Governance and Nominating Committee. Mr. Kirschner has, since he co-founded MayerCap, LLC in 2003, been a Managing Director of MayerCap, LLC manages investments in hedge funds, as a fund-of-funds, and is headquartered in New York. Mr. Kirschner places particular emphasis on investing in newer and smaller hedge funds. Mr. Kirschner has also been a Managing Director of Family Business Consulting where he has specialized in advising owners, boards and senior executives of family businesses and large domestic and foreign banks on matters of succession planning, estate planning and corporate governance. He has also consulted on the identification and recruitment of senior executives. Mr. Kirschner has a Ph.D. in Psychology and has taught at both New York University School of Continuing & Professional Studies and at the University of Pennsylvania. Mr. Kirschner has many years of experience in working with family businesses, addressing the many issues which they face in growing their businesses. He is also very well versed in the social media area and has been very helpful in advising the Company on its product development strategy. Mr. Kirschner's experience provides a significant addition to the Board.

115

the Newtek's Board since 2005, serves on the Audit Committee and serves as Chair of the Finance and Nominating Committee. Mr. Mulia has been a financial advisor at RTM Financial with an emphasis on leasing and lending advisory services since February 2003. From February 2001 to August 2002, Mr. Mulia was Executive Vice President of Pitney Bowes Capital Corp, Shelton, CT which was engaged in providing financial services to customers. Prior to that, Mr. Mulia held senior management positions within General Electric's Capital Corporation (GECC), and from 1980 through 1993 he was responsible for developing new products in financial services. During his tenure at GECC Mr. Mulia was a principal in GEVEST, GECC's first venture-backed syndication and led acquisition teams which acquired leasing companies with combined revenues of over \$100 million. These companies included LeaseAmerica, Chase Manhattan's leasing subsidiary and LeaseAmerica. Mr. Mulia has many years of experience with financial companies working with smaller to mid-sized companies needing capital and debt. His experience with these businesses has been particularly helpful in addressing similar issues of the Company and this is being added to the Board.

Not Directors

Mr. Brunet is Executive Vice President and Chief Information Officer since January 1, 2012. Mr. Brunet previously served as Executive Vice President of Strategic Planning and Marketing since July, 2006 and as Chairman and Chief Executive Officer of the Strategic Planning and Marketing subsidiary since June, 2001. From 1984 to 1989, Mr. Brunet served as Director of Strategic Planning and Marketing. He managed all special development and modifications to standard AT&T products to include new products, conditions, hardware and software strategic initiatives, FCC Tariffs, as well as joint venture and/or other special projects for top 50 AT&T accounts. In 1989, Mr. Brunet joined Entergy Corporation as Executive Vice President and Chief Information Officer directing the overall Entergy System retail and wholesale marketing effort including strategy and administration, market development and market analysis and research. During his tenure with Entergy he served on the Strategic Planning Committee of the Electric Power Research Institute (EPRI) and served on the Board of Directors of Entergy Enterprises guiding decisions on unregulated activities including strategic acquisition and development of new technology assets domestically and internationally. From 1993 to 1996, Mr. Brunet served as Executive Vice President of First Pacific Networks, a leader in the initial development and deployment of broadband services in the United States and Europe. During this period, he was also Chairman of the Board of Credit Depot Corporation, a mortgage company and served as Chairman of both the audit committee and compensation committee.

Ms. Eddelson is a Certified public accountant licensed in the state of New York and has served as Executive Vice President of Newtek NY since July 2011. Previously Ms. Eddelson was employed by the Company as Corporate Controller and Chief Financial Officer of Financial Reporting since 2006, and in these and her current capacities has had a significant role in the development and implementation of the Company's accounting policies and practices. Previously, Ms. Eddelson was a Certified public accountant for eight years with Janover, LLC, a public accounting firm located in New York City. Ms. Eddelson is a member of the NYS Society of CPAs and a member of the AICPA. She has been with the Company since January 2014.

Mr. Ash is the General Legal Officer of the Company since 2007 and previously served as outside general counsel for the Company from 1998 to 2007. In these capacities he has played a major role in the structuring of all business and financial transactions, acquisitions, stock offerings, internal procedures and all aspects of corporate governance. Mr. Ash has been involved in the day-to-day management of the 12 current Capcos and serves as Director of Capco Investment and Management and as Corporate Secretary since 2010 and has been appointed Chief Compliance Officer in 2013.

Mr. Ash is also a member of the Board of Directors of Business Services, Inc. and Newtek Small Business Finance, Inc., our nationally licensed SBA 7(a) company, and has been appointed Chief Compliance Officer in May 2014.

experience as an executive-level finance professional with extensive experience initiating and leading departments and ensuring their compliance with federal and corporate requirements. Ms. [redacted] the U.S. Treasury's Community Development Financial Institutions Fund, where she served as [redacted] and Guarantee Program. Previously, she worked as a Senior Associate for Booz Allen Hamilton [redacted] Advisor, Project Lead and Subject Matter Expert for multiple government clients, including the U.S. Community Development Financial Institutions Fund and the State Small Business Credit Initiative. Ms. [redacted] Director at Capital One Services, achieving overall loan production exceeding \$1.5 billion, and as [redacted] Business Capital.

Management are committed to responsible corporate governance to ensure that the Company is managed in the best interests of its shareholders. To that end, the Board and management periodically review and update, as appropriate, the Company's corporate governance policies and practices. In doing so, the Board and management review published guidelines and best practices of similar public companies and current best practices of similarly situated public companies. The Board regularly evaluates and, when appropriate, revises the Company's corporate governance policies and practices to meet the requirements of SOX and the rules and listing standards issued by the SEC and the NASDAQ Stock Exchange. The Company's Shares are listed and traded on the NASDAQ Stock Exchange.

As of December 31, 2013, the Board held a total of seven meetings. Each director attended at least 75% of the meetings of the Board and at least 75% of all committee meetings on which he served.

Independence

The Company's corporate governance guidelines titled "Corporate Governance Guidelines" which are available at the Investor Relations website. The Governance Guidelines are also available in print to any shareholder who requests them. The Board is committed to best ensure that the Board is independent from management, that the Board acts as the overseer of management and to help ensure that the interests of the board of directors and the best interests of the shareholders.

Each director and executive officer is obligated to complete a Directors' and Officers' Questionnaire which discloses any relationships with the Company in which the Director or executive officer, or any member of his or her family, has a direct or indirect material interest.

Board Structure

Mr. Sloane is the chairman of our Board. Mr. Sloane is an "interested person" of the Company as defined in the Exchange Act because he is our Chief Executive Officer and President. We believe that Mr. Sloane's familiarity with the Company and extensive knowledge of the financial services industry and the investment valuation process in the United States make him the best person to serve as the chairman of our board of directors. We believe that our leadership structure is appropriate since Mr. Sloane's extensive experience in our industry or related businesses, and under his leadership our senior lending team has significantly improved our earnings growth, cash flow stability and competitiveness.

We do not have a designated lead independent director. We are aware of the potential conflicts that may arise from Mr. Sloane's position as chairman of the Board, but believe these potential conflicts are offset by our strong corporate governance policies which include regular meetings of the independent directors in executive session and the presence of independent directors.

ent of audit and nominating and corporate governance committees comprised solely of independent
a Chief Compliance Officer, with whom the independent directors meet regularly without the
and other members of management, for administering our compliance policies and procedures.
our Chief Compliance Officer.

l leadership structures are appropriate for companies in different situations. We intend to re-examine
s on an ongoing basis to ensure that they continue to meet our needs.

ght

e for identifying, assessing and managing risk, our Board is responsible for risk oversight with a
s facing the company. The Board s risk oversight includes, but is not limited to, the following risks:

ment and the board of directors jointly develop a list of major risks that the company prioritizes in
Board focused on the following areas of risk:

s long-term growth;

anning, including acquisitions and the evaluation of the Company s capital structure and long term

ance.

responsibility for the oversight of specific risks to Board committees. The Audit Committee oversees

atements and financial reporting;

cial reporting;

d

s.

and Nominating Committee considers the risks associated with:

practices;

cture, succession planning and management development;

s and the structure and leadership of the Board; and

and the code of conduct for all employees, officers and directors.

Each committee's risk oversight and any other activities deemed to engender risk via periodic reports to committee chairs. Our Board recognizes the importance of risk oversight, and its role is consistent with the role of the Chief Executive Officer and the senior management of the Company. Our senior management, including the Chief Executive Officer, is responsible for assessing and managing risk exposure and the Board and committees of the Company are consistent with those efforts.

The Board's risk oversight is effective, and appropriate given the extensive regulation to which we will be subject. We are required to comply with certain regulatory requirements that control the levels of risk in our industry. For example, our ability to incur indebtedness will be limited such that our asset coverage must equal at least 100% at all times. Each time we incur indebtedness, we generally will have to invest at least 70% of our gross assets in real estate. We are not generally permitted to invest in any portfolio company in which one of our affiliates currently

The Board's roles in risk oversight are appropriate for companies in different situations. We intend to continue to have the Board administer its oversight function on an ongoing basis to ensure that they continue to

Directors

The Board's standing committees: the Audit Committee and the Compensation, Corporate Governance and Nominating Committee. Each member of these committees is independent as defined by applicable NASDAQ and SEC rules. Each committee has a written charter approved by the Board, which is available on the Investor Relations page of our website at [www.bemis.com](#).

The Audit Committee consists of Messrs. Beck (Chair), Mulia and Kirschner and operates pursuant to its written charter. The Audit Committee's charter was last updated during the year ended December 31, 2013. The Audit Committee is authorized to examine and review the financial statements prepared by the independent auditors of the Company, to review and select the independent auditors to be engaged by the Company, to review the internal audit function and internal accounting controls and to review and approve conflict of interest policies and audit policies. Upon our election to be regulated as a BDC under the 1940 Act, our Audit Committee will be responsible for establishing guidelines and making recommendations to our board of directors regarding the Audit Committee's charter and its operations.

Each member of the Audit Committee, has been determined by the Board to be a financial expert. In addition, the board of directors has determined that all members of the Audit Committee are financially literate as that term is defined by applicable

Compensation and Nominating Committee

The Compensation, Corporate Governance and Nominating Committee consists of Messrs. Mulia (Chair), Beck and Kirschner. Each member of the Compensation, Corporate Governance and Nominating Committee is considered independent under the 1940 Act and NASDAQ rules. The Compensation, Corporate Governance and Nominating Committee evaluates the compensation and benefits of the directors, officers and employees, reviews the performance of the directors and evaluates employee performance. The Compensation, Corporate Governance and Nominating Committee meets during the year ended December 31, 2013. The Compensation, Corporate Governance and Nominating Committee is primarily responsible for identifying corporate governance issues, creating corporate governance policies, reviewing potential candidates for election to the Board and reviewing executive and director compensation and

recommend any particular candidate for inclusion in the Board's slate of recommended director nominees, the Compensation, Corporate Governance and Nominating Committee applies the criteria set forth in the Governance Guidelines. The committee considers a candidate's integrity, business acumen, knowledge of our business and industry, experience, diligence, and the ability to act in the interest of all shareholders. The committee does not assign specific weight to any particular criterion as a prerequisite for each prospective nominee. We believe that the collective experience of our directors, considered as a group, should provide a composite mix of experience, knowledge and skills to the board of directors to fulfill its responsibilities.

The Compensation, Corporate Governance and Nominating Committee has not adopted a formal policy with regard to the selection of director nominees. In determining whether to recommend a director nominee, the Compensation, Corporate Governance and Nominating Committee considers and discusses diversity, among other factors, with a view to the Board of directors as a whole. The Compensation, Corporate Governance and Nominating Committee interprets diversity expansively to include, without limitation, concepts such as race, gender, national origin, professional experience, education, skill and other qualities that contribute to the Board, when identifying director nominees. The Compensation, Corporate Governance and Nominating Committee believes that the diversity of the many factors considered in selecting director nominees is consistent with the Compensation, Corporate Governance and Nominating Committee's goal of creating a Board that best serves our needs and the interests of our

shareholders. Any individuals to the Compensation, Corporate Governance and Nominating Committee for consideration should submit their names, together with appropriate biographical information and background information, to the Compensation, Corporate Governance and Nominating Committee, c/o Bemis Business Services, Inc., 212 West 35th Street, 2nd floor, New York, New York 10001. If appropriate biographical and background material has been provided on a timely basis, the committee will evaluate all candidates by following substantially the same process, and applying substantially the same criteria, as it has used in the past. If the Board determines to nominate a director, the name of the director recommended by the committee and recommends his or her election, then his or her name will be included in the proposal for the next annual meeting.

Under our Bylaws to nominate director candidates, without any action or recommendation on the part of the Compensation, Corporate Governance and Nominating Committee or the board of directors, by following the procedures set forth in our proxy statement. Candidates nominated by shareholders in accordance with the procedures set forth in our proxy statement may be included in our proxy statement and solicitation for the next annual meeting.

Conflicts of Interest and Insider Participation

The Compensation, Corporate Governance and Nominating Committee are independent directors, and none of them is an executive officer, director or paid officer of ours or any of our subsidiaries. No member of the Compensation, Corporate Governance and Nominating Committee has had any relationship with us requiring disclosure under Item 404 of Regulation S-K. No member of the Compensation, Corporate Governance and Nominating Committee has served on the board of directors or compensation committee (or other committee serving an advisory or similar capacity) of any entity, one of whose executive officers has served on our Board or Compensation, Corporate Governance and Nominating Committee.

s, referred to as our Code of Conduct, which applies to all directors and employees, including the
accounting officers. A copy of the Code of Conduct

120

est directed to the executive offices of the Company and may be viewed on the Investor Relations .com. In addition, we post on our website all disclosures that are required by law or NASDAQ amendments to, or waivers from, any provision of the Code. We also post on our website any our Code of Conduct that apply to our principal executive officer and principal financial and

tion, we will also adopt a code of ethics pursuant to Rule 17j-1 under the 1940 Act that establishes nts and restricts certain transactions by our personnel. Our Code of Conduct generally will not yees in securities that may be purchased or held by us.

rd reviews all potential related party transactions on an ongoing basis, and all such transactions must ittee or the Board. We have not adopted written procedures for review of, or standards for approval the Audit Committee or the Board intends to review such transactions on a case by case basis. In porate Governance and Nominating Committee or the Board reviews and approves all volutioning our directors and executive officers. See Certain Relationships and Transactions.

y compensation of non-employee directors which gives effect to the time and effort required of each air duties. Since November 10, 2010, directors are paid the following annual fees:

rd: \$50,000;

,000; and

00.

aggregate compensation earned by the Company's CEO, Chief Investment Officer and Chief st highly compensated executive officers during 2013 and the two previous years which we refer to 2013 Compensation Committee Report

DESCRIPTION OF OUR CAPITAL STOCK

ction, Newtek NY will have merged with and into Newtek MD and stockholders will hold stock in ription is based in part on relevant portions of the Maryland Law and on the Maryland Charter n necessarily complete, and we refer you to Maryland Law and the Maryland Charter Documents for e provisions summarized below. Newtek MD does not have any outstanding debt.

consists of 200,000,000 shares of common stock, par value \$0.02 per share. Upon the Reincorporation nsfer the ticker symbol NEWT to Newtek MD and Newtek MD will be traded on the NASDAQ L, our stockholders generally are not personally liable for our debts or obligations.

g classes of securities as of June 30, 2014:

	Amount Authorized	Amount Held by Us or for Our Account	Amount Outstanding Exclusive of Amounts Shown Under
per share	200,000,000		100 ⁽¹⁾

issuable pursuant to outstanding options.

Board is authorized to classify and reclassify any unissued shares of stock into other classes or stockholder approval. The Maryland Articles also provide that the Board, without any action by our charter from time to time to increase or decrease the aggregate number of shares of stock or the number series that we have authority to issue.

have equal rights as to earnings, assets, voting, and distributions and, when they are issued, will be fully paid and nonassessable. Distributions may be paid to the holders of our common stock if, as and declared by us out of assets legally available therefor. Shares of our common stock have no option rights and are freely transferable, except where their transfer is restricted by federal and state the event of our liquidation, dissolution or winding up, each Share of our common stock would be our assets that are legally available for distribution after we pay all debts and other liabilities and of holders of our preferred stock, if any preferred stock is outstanding at such time. Each Share of one vote on all matters submitted to a vote of stockholders, including the election of directors. to any other class or series of stock, the holders of our common stock will possess exclusive voting voting in the election of directors, which means that holders of a majority of the outstanding Shares of r directors, and holders of less than a majority of such Shares will be unable to elect any director.

our Board to classify and reclassify any unissued shares of stock into other classes or series of The cost of any such reclassification would be borne by our existing common stockholders. Prior to r series, the Board is required by the MGCL and by the Maryland Articles to set the terms, rights, voting powers, restrictions, limitations as to distributions, qualifications and terms or n class or series. Thus, the Board could authorize the issuance of shares of preferred stock with d have the effect of delaying, deferring or preventing a transaction or a change in control that might ers of our common stock or otherwise be in their best interest. You should note, however, that any comply with the requirements of the 1940 Act. The 1940 Act requires, among other things, that d before any distribution is made with respect to our common stock and before any purchase of rferred stock together with all other senior securities must not exceed an amount equal to 50% of our amount of such distribution or purchase price, as the case may be, and (2) the holders of shares of must be entitled as a class to elect two directors at all times and to elect a majority of the directors stock are in arrears by two full years or more. Certain matters under the 1940 Act require the y issued and outstanding preferred stock. We believe that the availability for issuance of preferred

sed flexibility in structuring future financings and acquisitions. However, we do not currently have

on of the Compensation, Corporate Governance and Nominating Committee, the Company intends ed executive officers and other employees to create a clear and strong alignment between turn and to enable the named executive officers and other employees to develop and maintain a company that will vest over time and act as an incentive for the employee to remain with the y may be granted pursuant to the 2010 Plan. See Executive Compensation Equity-Based of equity-based compensation granted under plans that were active prior to the BDC Election, and the proposed new equity incentive plan, which, if approved by the shareholders, will become Election.

Offering, we expect to file a request with the SEC for exemptive relief to allow us to take certain prohibited by the 1940 Act, as applicable to BDCs. Specifically, we expect to request that the SEC stock awards to our officers, employees and directors and (ii) issue stock options to our non-employee

relief to permit us to grant dividend equivalent right to our optionholders. However, there is no y such exemptive relief.

Directors and Officers; Indemnification and Advance of Expenses

corporation to include in its charter a provision limiting the liability of its directors and officers to ers for money damages except for liability resulting from (a) actual receipt of an improper benefit or ces or (b) active and deliberate dishonesty established by a final judgment as being material to the articles contain such a provision which eliminates directors and officers liability to the maximum subject to the requirements of the 1940 Act.

us, to the maximum extent permitted by the MGCL and subject to the requirements of the 1940 Act, er director or officer or any individual who, while serving as our director or officer and at our her corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan officer, partner or trustee, from and against any claim or liability to which that person may become incur by reason of his or her service in such capacity and to pay or reimburse their reasonable osition of a proceeding. The Maryland Bylaws obligate us, to the maximum extent permitted by the ements of the 1940 Act, to indemnify any present or former director or officer or any individual who, fficer and at our request, serves or has served another corporation, real estate investment trust, mployee benefit plan or other enterprise as a director, officer, partner or trustee and who is made, or the proceeding by reason of his or her service in that capacity from and against any claim or liability e subject or which that person may incur by reason of his or her service in any such capacity and to nable expenses in advance of final disposition of a proceeding. The Maryland Charter Documents dvance expenses to any person who served a predecessor of us in any of the capacities described or agents or any employees or agents of our predecessor. In accordance with the 1940 Act, we will liability to which such person would be subject by reason of such person s willful misfeasance, bad s disregard of the duties involved in the conduct of his or her office.

n (unless its charter provides otherwise, which our charter does not) to indemnify a director or n the defense of any proceeding to which he or she is made, or threatened to be made, a party by t capacity. The MGCL permits a corporation

er directors and officers, among others, against judgments, penalties, fines, settlements and
urred by them in connection with any proceeding to which they may be made a party by reason of
capacities unless it is established that (a) the act or omission of the director or officer was material to
eeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty,
y received an improper personal benefit in money, property or services or (c) in the case of any
or officer had reasonable cause to believe that the act or omission was unlawful. However, under
on may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a
that a personal benefit was improperly received unless, in either case, a court orders
or expenses. In addition, the MGCL permits a corporation to advance reasonable expenses to a
oration s receipt of (a) a written affirmation by the director or officer of his or her good faith belief
d of conduct necessary for indemnification by the corporation and (b) a written undertaking by him
epay the amount paid or reimbursed by the corporation if it is ultimately determined that the

rrrently provide coverage for claims, liabilities and expenses that may arise out of activities that our
icers have performed for another entity at our request. There is no assurance that such entities will in
er, we note that we do not expect to request our present or former directors or officers to serve
er, partner or trustee unless we can obtain insurance providing coverage for such persons for any
t may arise out of their activities while serving in such capacities.

CAPITALIZATION

cash and capitalization as of June 30, 2014:

to reflect the Reincorporation Transaction and the BDC Election

	Actual	Pro Forma(1)
	(in thousands)	
	\$ 9,001	\$ 4,020
	98,033	186,609
	93,862	64,268
	\$ 200,896	\$ 254,897
	\$ 43,613	\$ 38,160
	54,959	54,959
	21,760	26,955
	\$ 120,332	\$ 120,074
per share; 54,000 shares authorized; 35,619 shares outstanding,		
, pro forma	740	807
	79,824	134,016
	\$ 80,564	\$ 134,823

include the deconsolidation of Newtek Subsidiaries (except NSBF), reversal of deferred taxes,

and the estimated fair value of portfolio companies as of June 30, 2014.

on shares outstanding assumes all restricted shares and outstanding options are fully

THE MARYLAND GENERAL CORPORATION LAW AND THE MARYLAND CHARTER DOCUMENTS

Charter Documents contain provisions that could make it more difficult for a potential acquirer to offer, proxy contest or otherwise. These provisions are expected to discourage certain coercive takeover bids and to encourage persons seeking to acquire control of us to negotiate first with our Board. If the benefits of these provisions outweigh the potential disadvantages of discouraging any such acquisition attempts, the negotiation of such proposals may improve their terms.

Classes of directors serving staggered three-year terms. Upon expiration of their current terms, directors are elected to serve for three-year terms and until their successors are duly elected and qualify and each director is elected by the stockholders. A classified board may render a change in control of us or removal of directors more difficult. We believe, however, that the longer time required to elect a majority of a classified board will ensure the continuity and stability of our management and policies.

Articles provide that the affirmative vote of the holders of a plurality of the outstanding shares of stock is required for directors cast at a meeting of stockholders duly called and at which a quorum is present will be sufficient to amend the Maryland Articles our Board may amend the bylaws to alter the vote required to elect directors.

; Removal

Articles provide that the number of directors will be set only by the Board in accordance with the Maryland Bylaws. The Board may at a majority of our entire Board may at any time increase or decrease the number of directors. If the bylaws are amended, the number of directors may never be less than one nor more than nine. The Board may at such time as we have at least three independent directors and our common stock is registered with the SEC to be subject to the provision of Subtitle 8 of Title 3 of the MGCL regarding the filling of vacancies. Accordingly, at such time, except as may be provided by the Board in setting the terms of any class or series of shares, vacancies on the Board may be filled only by the affirmative vote of a majority of the remaining directors. If the remaining directors do not constitute a quorum, and any director elected to fill a vacancy will serve for the remainder of the directorship in which the vacancy occurred and until a successor is elected and qualifies, subject to the provisions of the 1940 Act.

Articles provide that a director may be removed only for cause, as defined in our charter, and then only by the affirmative vote of a majority of the votes entitled to be cast in the election of directors.

Articles provide that a stockholder proposal can be taken only at an annual or special meeting of stockholders or (unless the charter provides otherwise) by less than unanimous written consent, which our charter does not) by unanimous written consent in writing. In addition, the requirements of our bylaws regarding the calling of a stockholder-requested meeting, as discussed below, may have the effect of delaying consideration of a stockholder proposal until the

Stockholder Nominations and Stockholder Proposals

at with respect to an annual meeting of stockholders, nominations of persons for election to the Board may be considered by stockholders only (a) pursuant to our notice of the meeting, (b) by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice requirements, and (c) with respect to special meetings of stockholders, only the business specified in our notice of the meeting. Nominations of persons for election to the Board at a special meeting may be made only (1) by a stockholder, (2) by the board of directors, or (3) provided that the Board has determined that directors may be elected by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice requirements.

Our policy is to afford our Board a reasonable opportunity to consider the qualifications of the proposed nominees and the advisability of any other proposed business that may be presented to the Board, to inform stockholders and make recommendations about such matters, and to provide a more orderly procedure for conducting meetings of stockholders. Although the Board does not have any power to disapprove stockholder nominations for the election of directors or proposals, such actions may have the effect of precluding a contest for the election of directors or the consideration of other proposals. If such procedures are not followed and of discouraging or deterring a third party from conducting a meeting or to approve its own proposal without regard to whether consideration of such proposal may be harmful or beneficial to us and our stockholders.

Special Meetings of Stockholders

Special meetings of stockholders may be called by our Board and certain of our officers. Our Bylaws provide that, subject to the satisfaction of certain procedural and informational requirements by our Board, a special meeting of stockholders will be called by the secretary of the corporation upon the request of a stockholder entitled to cast not less than a majority of all the votes entitled to be cast at such meeting.

Corporate Action; Amendment of Charter and Bylaws

Our Corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, or engage in similar transactions outside the ordinary course of business, unless approved by the stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may amend its charter for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. The Maryland Articles generally provide for approval of charter amendments and amendments to the Bylaws by the stockholders entitled to cast at least a majority of the votes entitled to be cast on the matter. The Maryland Articles provide that certain charter amendments, any proposal for our conversion, whether by charter amendment, from a closed-end company to an open-end company and any proposal for our liquidation or dissolution require approval by the stockholders entitled to cast at least 80% of the votes entitled to be cast on such matter. However, if such amendments are approved by a majority of our continuing directors (in addition to approval by our Board), such amendments may be approved by a majority of the votes entitled to be cast on such a matter. The continuing directors are (1) our current directors, (2) those directors whose nomination for election by the stockholders or whose election to fill vacancies is approved by a majority of our current directors then on the board of directors or (3) any directors whose nomination for election by the stockholders or whose election by the directors to fill vacancies is approved by the stockholders or the successor continuing directors then in office. In any event, in accordance with the Maryland Articles, any amendment or proposal that would have the effect of changing the nature of our business so as to require our election as a BDC would be required to be approved by a majority of our outstanding shares of common stock under the 1940 Act.

ts provide that the Board will have the exclusive power to make, alter, amend or repeal any
s.

shares of a Maryland corporation acquired in a control share acquisition have no voting rights
a vote of two-thirds of the votes entitled to be cast on the matter (the Control Share Act). Shares
s or by directors who are employees of the corporation are excluded from shares entitled to vote on
ing shares of stock which, if aggregated with all other shares of stock owned by the acquirer or in
ble to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy),
cise voting power in electing directors within one of the following ranges of voting power:

less than one-third;

less than a majority; or

all voting power.

al must be obtained each time an acquirer crosses one of the thresholds of voting power set forth
ude shares the acquiring person is then entitled to vote as a result of having previously obtained
share acquisition means the acquisition of control shares, subject to certain exceptions.

ses to make a control share acquisition may compel the board of directors of the corporation to call
to be held within 50 days of demand to consider the voting rights of the shares. The right to compel
s subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the
ing is made, the corporation may itself present the question at any stockholders meeting.

at the meeting or if the acquiring person does not deliver an acquiring person statement as required
on may redeem for fair value any or all of the control shares, except those for which voting rights
The right of the corporation to redeem control shares is subject to certain conditions and limitations,
1940 Act. Fair value is determined, without regard to the absence of voting rights for the control
control share acquisition by the acquirer or of any meeting of stockholders at which the voting rights
not approved. If voting rights for control shares are approved at a stockholders meeting and the
a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The
ined for purposes of appraisal rights may not be less than the highest price per share paid by the
quisition.

apply (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party
itions approved or exempted by the charter or bylaws of the corporation. Our bylaws contain a
Control Share Act any and all acquisitions by any person of our shares of stock. There can be no
l not be amended or eliminated at any time in the future. However, the SEC staff has taken the
, an investment company may not avail itself of the Control Share Act. As a result, we will amend
Control Share Act only if the board of directors determines that it would be in our best interests and if
our determination that our being subject to the Control Share Act does not conflict with the 1940

rights arising in connection with the Control Share Act discussed below, as permitted by the MGCL, holders will not be entitled to exercise appraisal rights unless a majority of the board of directors shall

combinations between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder (as defined for five years after the most recent date on which the interested stockholder becomes an interested stockholder under the Business Combination Act). These business combinations include a merger, consolidation, share repurchase, as specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

1. who beneficially owns 10% or more of the voting power of the corporation's outstanding voting stock; or

2. who, at any time within the two-year period prior to the date in question, was beneficially owned by a person who owned 10% or more of the voting power of the then outstanding voting stock of the corporation. An interested stockholder under this statute if the board of directors approved in advance the transaction by which the interested stockholder became an interested stockholder. However, in approving a transaction, the board of directors may act to comply, at or after the time of approval, with any terms and conditions determined by the board.

3. Any business combination between the Maryland corporation and an interested stockholder generally requires the affirmative vote of a majority of the board of directors of the corporation and approved by the affirmative vote of at least:

a. a majority of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and

b. a majority of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate of the interested stockholder.

4. The provisions of the Business Combination Act do not apply if the corporation's common stockholders receive a minimum price, as defined in the statute, in the form of cash or other consideration in the same form as previously paid by the interested stockholder.

5. The provisions of the Business Combination Act do not apply to any business combination between the Maryland corporation and an interested stockholder if the interested stockholder becomes an interested stockholder. Our Board has adopted a resolution that we and any other person is exempted from the provisions of the Business Combination Act, if the business combination is first approved by the Board, including a majority of the directors who are not interested in the business combination. This resolution may be altered or repealed in whole or in part at any time; however, our Board will not make us subject to the provisions of the Business Combination Act only if the Board determines that it is in the best interests of the corporation and if the SEC staff does not object to our determination that our being subject to the Business

ct with the 1940 Act. If this resolution is repealed, or the Board does not otherwise approve a
may discourage others from trying to acquire control of us and increase the difficulty of

at, if and to the extent that any provision of the MGCL, including the Control Share Act (if we do not have such Act) and the Business Combination Act, or any provision of our charter or bylaws conflicts with any provision of the applicable provision of the 1940 Act will control.

LEGAL PROCEEDINGS

Below, neither the Company, nor any of its subsidiaries, is currently subject to any material legal proceedings, nor is any material legal proceeding threatened against us. From time to time, the Company may be subject to legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of our contracts with portfolio companies. While the outcome of these legal proceedings cannot be predicted with certainty, the Company believes that any such proceedings will have a material effect upon our financial condition or results of operations.

Complaint

The Federal Trade Commission (the "FTC") amended an existing complaint in the matter Federal Trade Commission v. Universal Processing Services of Wisconsin, LLC et al. to include Universal Processing Services of Wisconsin, LLC ("UPS" referred to herein as a defendant), as an additional defendant on one count. The complaint alleges that two related companies ("Merchant Defendants"), UPS, and the principals of the merchants, and the independent sales agent who brought the Merchant Defendants (not including UPS, the Merchant Defendants), engaged in various deceptive acts and/or practices in violation of the FTC Act and the Telemarketing and Consumer Fraud and Abuse Prevention Act (collectively, the "Acts") in connection with the Merchant Defendants' telemarketing of its debt relief and credit card interest rate reduction services. More specifically, the complaint alleges that the Merchant Defendants improperly charged consumers for their debt relief services to consumers and made outbound calls to persons in violation of the Do Not Call Registry.

The FTC added one additional count to the complaint alleging that UPS (and its former President) assisted the Merchant Defendants in their purported violations of the Acts by providing the credit card processing services to the Merchant Defendants from their clients for improper charges. The FTC is asserting that UPS knew or consciously should have known that the Merchant Defendants were involved in deceptive telemarketing schemes.

The complaint was filed on October 29, 2012 in the United States District Court for the Middle District of Florida, Orlando. The complaint was filed on June 17, 2013. The FTC is seeking various forms of injunctive and monetary relief to prevent future violations of the Acts by each of the defendants and the refund of monies paid and to be paid to the Merchant Defendants.

The FTC's legal theory support the FTC's allegations against UPS as set forth in the complaint, and the FTC's claims.

PROPOSAL II APPROVAL OF REVERSE STOCK SPLIT

the Reverse Stock Split of our Shares as described below.

Reverse Stock Split and believes that it is in our best interests to undertake the Reverse Stock Split in the case of our Shares on the NASDAQ Capital Market. Our Board believes that such an increased trading volume will be attractive to a wider array of investors, which will improve our ability to raise additional capital in connection with effectuating the BDC Election discussed in Proposal I. In addition, we expect our stockholders to benefit from lower trading costs for higher priced Shares. **We will not effectuate the Reverse Stock Split unless we also effectuate this Proposal II and each of the other proposals set forth herein other than Proposal V.**

We would permit (but not require) our Board to effectuate the Reverse Stock Split by a ratio of not less than 1-for-6.5, with the exact ratio to be set within this range as determined by our Board in its sole discretion. The ratio of the Reverse Stock Split will be determined by the Board and publicly announced by Newtek NY, prior to the Special Meeting. We believe that enabling our Board to set the ratio of the Reverse Stock Split within the stated range will allow us to implement the Reverse Stock Split in a manner designed to maximize the anticipated benefits of the Reverse Stock Split, if any, following the receipt of stockholder approval, our consideration of all things, factors such as:

current market prices and trading volume of our Shares;

Shares outstanding;

current trading price and trading volume of our Shares and the anticipated or actual impact of the Reverse Stock Split on trading price and trading volume for our Shares;

the impact of a particular ratio on our ability to reduce administrative and transactional costs; and

current market and economic conditions.

The Reverse Stock Split determined by our Board, no fewer than every four and no more than every six months, will be combined into one Share. The amendment to our Restated Certificate of Incorporation effectuating the Reverse Stock Split will not change the authorized number of Shares or preferred stock of Newtek NY or our common stock or preferred stock.

The Reverse Stock Split does not require the approval of any federal or state regulatory agency and our stockholders are not entitled to any special dividend therefrom. If Proposal II is approved at the Special Meeting, we will file a Certificate of

ificate of Incorporation containing the following language:

l by adding new subsection (c) to the thereof as follows:

**endment to the Certificate of Incorporation of the Corporation becoming effective pursuant to
of the State of New York (the Effective Time), each share of the common stock, \$0.02 par
mon Stock), issued and outstanding immediately prior to the Effective Time, will automatically
l into a smaller number of shares such that each [*] shares of issued Old Common Stock
ive Time is reclassified into one share of common stock, \$0.02 par value per share (the New
ding the immediately**

al shares shall be issued and, in lieu thereof, upon surrender after the Effective Time of a presented shares of Old Common Stock that were issued and outstanding immediately prior to who would otherwise be entitled to a fractional share of New Common Stock as a result of the Effective Time, shall be entitled to receive a cash payment equal to the fraction to which such multiplied by the closing price of a share of Common Stock on the NASDAQ Capital the Effective Time. Each stock certificate that, immediately prior to the Effective Time, mon Stock that were issued and outstanding immediately prior to the Effective Time shall, me, automatically and without the necessity of presenting the same for exchange, represent New Common Stock after the Effective Time into which the shares of Old Common Stock certificate shall have been reclassified (as well as the right to receive cash in lieu of fractional after the Effective Time).

r than four and one-half and no more than six and one-half, with the exact number to be determined

Special Meeting, we anticipate that the Reverse Stock Split will be effected approximately 30 days mplete the Reincorporation Transaction and make the BDC Election. However, the exact timing of Stock Split will be determined by our Board based upon our Board's evaluation as to when such to us and our stockholders. Our Board reserves the right to delay the effectiveness of the Reverse following the date of approval of this Proposal II. In addition, our Board reserves the right, roval and without further action by the stockholders, to determine not to proceed with the Reverse o the effectiveness of the Certificate of Amendment pursuant to the NYBCL, our Board, in its sole o longer in the best interests of our company and our stockholders to do so.

Reverse Stock Split; Potential Consequences of the Reverse Stock Split

g the Reverse Stock Split is to increase the per share market price of our Shares. Our common stock Q Capital Market under the symbol NEWT, which we believe helps support and maintain stock ition for our stockholders. The Board believes that the Reverse Stock Split will result in a higher per ended to generate greater investor interest in Newtek NY and improve the marketability of the e of investors. We expect this will better position us to undertake the Proposed Offering after Transaction and BDC Election. This Proxy Statement/ Prospectus is not an offer to sell securities in s may not be offered or sold in the United States absent registration with the SEC or an applicable requirements.

it is intended, absent other factors, to increase the per share market price of our Shares, other factors, ket conditions and the market perception of our business may adversely affect the market price of e be no assurance that the Reverse Stock Split, if completed, will result in the intended benefits price of our Shares will increase following the Reverse Stock Split or that the market price of our ture. Additionally, we cannot assure you that the market price per Share after a Reverse Stock Split eduction in the number of Shares outstanding before the Reverse Stock Split. Accordingly, the total mon stock after the Reverse Stock Split may be lower than the total market capitalization before the

se Stock Split if it would cause our Shares to be (i) held by less than 300 stockholders of record to y greater than 300 stockholders of record prior to the Reverse Stock Split, or (ii) subject to delisting et.

Will be Effectuated

become effective upon the filing of a Certificate of Amendment to our Restated Certificate of Incorporation with the Secretary of State of the State of New York, or, in the event that the Certificate of Amendment is not filed with the Secretary of State, such later time. The exact timing of the filing of such a Certificate of Amendment will be determined in the sole discretion of our Board. In addition, our Board reserves the right, notwithstanding stockholder approval of this Reverse Stock Split, to elect not to proceed with the Reverse Stock Split if, at any time prior to the Reverse Stock Split, our Board, in its sole discretion, determines that it is no longer in our best interests and the Board elects not to proceed with the Reverse Stock Split. If a Certificate of Amendment effecting the Reverse Stock Split is filed with the Secretary of State of the State of New York within one year after the Special Meeting, our Board will effectuate the Reverse Stock Split.

Based on the Reverse Stock Split determined by our Board, a minimum of every four and one-half and a maximum of every five and one-half Shares, including Shares held in Newtek NY's treasury, will be combined into one new Share. Based on the Reverse Stock Split determined by our Board, the number of Shares outstanding as of the Record Date, immediately following the Reverse Stock Split Newtek NY would have approximately [7,393,334] Shares issued and outstanding if the ratio for the Reverse Stock Split is 1-for-4.5, [6,721,213] Shares issued and outstanding if the ratio for the Reverse Stock Split is 1-for-5, [6,150,112] Shares issued and outstanding if the ratio for the Reverse Stock Split is 1-for-6, and [5,579,012] Shares issued and outstanding if the ratio for the Reverse Stock Split is 1-for-6.5.

The number of Shares owned and outstanding after giving effect to the Reverse Stock Split, if implemented, will depend on the number of Shares that is ultimately determined by our Board of Directors.

The Reverse Stock Split will affect all holders of our Shares uniformly and will not affect any stockholder's percentage ownership of our Shares. That is, as described below under "Fractional Shares," record holders otherwise entitled to a fractional Share following the Reverse Stock Split will receive cash in lieu of such fractional Share. In addition, the Reverse Stock Split will not affect the proportionate voting power (subject to the treatment of fractional Shares).

Number of Authorized Shares of Our Common Stock

Our current number of authorized Shares, which will remain at 54,000,000 Shares. Because we are currently authorized to issue up to 54,000,000 Shares, the practical effect of the Reverse Stock Split will be to provide us with up to 54,000,000 authorized but unissued Shares of our post-Reverse Stock Split common stock available for future issuance. If we approve the Proposal I and we complete the Reincorporation Transaction, the Maryland Articles will authorize us to issue up to 54,000,000 BDC Shares.

It is prudent and advisable for us to retain a sufficient number of authorized but unissued Shares to provide us with the flexibility to raise additional capital through a variety of possible financing transactions and/or other alternatives, combinations and various other strategic alternatives, and in order to avoid delays that might be required to solicit stockholder approval for additional Shares at the time of a proposed transaction. Our common stock may be issued at the direction of our Board at such times, in such amounts and upon such terms, without further approval of our stockholders unless, in any instance, such approval is expressly required. Any increase in the number of authorized Shares as a result of the Reverse Stock Split may affect the rights of our stockholders to the extent that future issuances of Shares reduce each existing stockholder's proportionate ownership of our Shares. In addition, possible dilution caused by future issuances of Shares could be accompanied by a decrease in the price of our Shares, assuming a market for our Shares continues, of which there is no assurance.

It will be available for issuance following the Reverse Stock Split could have material anti-takeover authority of our Board to issue additional Shares without additional stockholder approval because unissued by our Board in circumstances that may have the effect of delaying, deterring or preventing takeover or stockholder approval, our Board could strategically sell Shares in a private transaction to a takeover. In addition, because stockholders do not have preemptive rights under our Restated Bylaws, the rights of existing stockholders may (depending on the particular circumstances in which the Shares are issued) be diluted by any such issuance and increase the potential cost to acquire control of Newtek NY. If the Board is authorized, we would be required under NASDAQ rules to obtain stockholder approval if the proposed issuance exceeds 20% of the outstanding shares. In proposing the Reverse Stock Split, our Board of Directors was not aware of any attempt to acquire Newtek NY and was not motivated by the threat of any attempt to accumulate Shares or otherwise gain control of Newtek NY. Stockholders should nevertheless be aware that approval of Proposal II could facilitate our efforts to gain control in the future.

We will not issue any additional Shares except on terms that it deems to be in the best interest of Newtek NY and we have stated that our financial condition, the percentage ownership of management, the number of directors, and our business will materially change as a result of the Reverse Stock Split.

Beneficial Stockholders

Following the Reverse Stock Split, we intend to treat stockholders holding Newtek NY's common stock in street name (that is, through a broker, bank or other nominee) in the same manner as registered stockholders whose Shares are registered in their own names. Beneficial owners will be instructed to effect the Reverse Stock Split for their beneficial holders holding Shares. However, these brokers, banks or other nominees may apply their own specific procedures for processing the Reverse Stock Split of your Shares with a broker, bank or other nominee, and have any questions in this regard, we recommend you contact your nominee.

Electronic Stockholders

Stockholders may hold some or all of their Shares electronically in book-entry form. These stockholders will receive a statement reflecting their ownership of common stock. They are, however, provided with a statement reflecting the balance of their accounts.

If you hold Shares in a book-entry form, you do not need to take any action to receive your post-Reverse Stock Split Shares in book-entry form or your cash payment in lieu of any fractional Shares, if applicable.

Following the Reverse Stock Split, a transaction statement will automatically be sent to your address of record for the Reverse Stock Split after the effective date of the Reverse Stock Split indicating the number of Shares you hold.

If you are entitled to a cash payment in lieu of any fractional Shares, a check will be mailed to you at your registered address as of the effective date of the Reverse Stock Split. By signing and cashing this check, you will warrant that you are the owner of the Shares for which you received a cash payment.

Unredeemed Shares

d their Shares in certificate form or a combination of certificate and book-entry form. If any of your
n, you will receive a transmittal letter from our

able after the effective date of the Reverse Stock Split, if any. The transmittal letter will be specifying how you can exchange your certificate representing the pre-Reverse Stock Split for a with any payment of cash in lieu of fractional Shares to which you are entitled. When you submit your Reverse Stock Split Shares, your post-Reverse Stock Split Shares will be held electronically in book-entry form, instead of receiving a new stock certificate, you will receive a statement of holding that indicates the post-Reverse Stock Split Shares you own in book-entry form.

After the Reverse Stock Split, each certificate representing pre-Reverse Stock Split will be deemed to evidence the ownership of post-Reverse Stock Split. If you are entitled to a payment in lieu of any fractional Shares described below under Fractional Shares.

DO NOT DESTROY ANY SHARE CERTIFICATE(S) AND SHOULD NOT SUBMIT ANY SHARE CERTIFICATE(S) REQUESTED TO DO SO.

Certificates evidencing post-Reverse Stock Split Shares that are issued in exchange for pre-Reverse Stock Split Shares will contain the same restrictive legend as on the old certificates. For purposes of the statute of limitations applicable to the post-Reverse Stock Split Shares, the time period during which a holding of pre-Reverse Stock Split Shares will be included in the total holding period.

Shares issued in connection with the Reverse Stock Split. Stockholders of record and stockholders who hold Shares as a result of the Reverse Stock Split, custodian or other nominee who would otherwise hold fractional Shares as a result of the Reverse Stock Split, are entitled to receive cash (without interest and subject to applicable withholding taxes) in lieu of such Shares. Each stockholder will be entitled to receive an amount in cash equal to the fraction of one Share to which the stockholder would be entitled multiplied by the closing price of a Share on the NASDAQ Capital Market as of the effective date of the Reverse Stock Split.

That, under the escheat laws of the various jurisdictions where stockholders reside, where we are unable to locate a stockholder, sums due for fractional interests resulting from the Reverse Stock Split that are not claimed within the time in accordance with applicable law may be required to be paid to the designated agent for each stockholder otherwise entitled to receive such funds may have to seek to obtain them directly from the applicable jurisdiction.

Effect of Reverse Stock Split on Employee Plans, Options, Restricted Stock Awards and Units, Warrants and Convertible Securities

As a result of the Reverse Stock Split determined by the Board, proportionate adjustments are generally required to be made to the exercise price and the number of Shares issuable upon the exercise or conversion of all outstanding options, warrants and convertible securities. The same aggregate price being required to be paid under such options upon exercise, and the number of Shares being delivered upon such exercise, exchange or conversion, immediately following the effective date of the Reverse Stock Split. The number of Shares deliverable upon the exercise of warrants and restricted stock units will be similarly adjusted. The number of Shares reserved for the issuance of convertible securities will be adjusted proportionately based upon the ratio for the Reverse Stock Split determined by the Board.

Certificate of Incorporation, as amended, will not affect the par value of our common stock per share. As a result, as of the effective time of the Reverse Stock Split, the stated capital attributable to our paid-in capital account on our balance sheet will not change due to the Reverse Stock Split. Our loss will be higher because there will be fewer Shares outstanding.

rights or appraisal rights under the NYBCL or under Newtek NY's Restated Certificate of Incorporation in connection with the proposed Reverse Stock Split.

Consequences of the Reverse Stock Split

As indicated herein, this summary addresses the tax consequences only to a beneficial owner of Newtek common stock who is (i) an individual resident of the United States, (ii) a corporation (or any other entity or arrangement treated as a corporation for income tax purposes) organized in or under the laws of the United States or any state thereof or the District of Columbia, or (iii) a trust if (1) a U.S. court is able to exercise primary supervision over administration of such trust and one U.S. person has authority to control all substantial decisions of the trust or (2) it has a valid election in place to be treated as a U.S. estate whose income is subject to U.S. federal income taxation regardless of its source (a "U.S. person"). This summary does not address all of the tax consequences that may be relevant to a holder based on the holder's personal situation, such as (i) the tax consequences to persons that may be subject to special treatment under U.S. tax law (e.g., banks, insurance companies, thrift institutions, regulated investment companies, real estate investment trusts, partnerships, U.S. expatriates, traders in securities that elect to mark to market and dealers in securities), (ii) persons that hold our common stock as part of a position in a straddle or as part of a hedging, conversion or other tax avoidance transaction for U.S. federal income tax purposes or (iii) persons that do not hold our common stock as a U.S. person (e.g., property held for investment). This summary does not address the U.S. federal alternative minimum tax or foreign tax consequences of the Reverse Stock Split.

If you are classified as a partnership for U.S. federal income tax purposes) is the beneficial owner of our common stock, your income tax treatment of a partner in the partnership will generally depend on the status of the partnership. Partnerships that hold our common stock, and partners in such partnerships, should consult their tax advisor regarding U.S. federal income tax consequences of the Reverse Stock Split.

The analysis of certain federal income tax consequences of the Reverse Stock Split is based on the Code of Federal Regulations, the applicable Treasury Regulations promulgated thereunder, judicial authority and current tax law. This summary is in effect on the date this Proxy Statement/ Prospectus was first mailed to stockholders. This summary is for informational purposes only and does not discuss consequences that may apply to special classes of taxpayers (e.g., trusts, estates, or insurance companies). The following discussion has not been prepared by tax counsel, but has been prepared by management and is believed to be accurate as of the date of this Proxy Statement/ Prospectus. Our views regarding the Reverse Stock Split are not binding upon the Internal Revenue Service or the courts, and there can be no assurance that the courts would accept the positions expressed herein.

DISCLAIMER: NOT A TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE REVERSE STOCK SPLIT IN YOUR SITUATION UNDER THE INTERNAL REVENUE CODE AND THE LAWS OF ANY OTHER TAXING JURISDICTION.

ed to be treated as a recapitalization for U.S. federal income tax purposes pursuant to Internal Revenue Code. Therefore, a U.S. Holder generally will not recognize gain or loss on the Reverse Stock Split of the common stock following the effective date of the Reverse Stock Split, solely in exchange for the Reverse Stock Split, except to the extent of cash, if any, received in lieu of a fractional Share or Reverse Stock Split Shares. The aggregate tax basis of the post-Reverse Stock Split Shares received will be equal to the aggregate tax basis of the pre-Reverse Stock Split Shares exchanged therefor (excluding any portion of the holder's basis that expires during the holding period of the post-Reverse Stock Split Shares received will include the holding period of the pre-Reverse Stock Split Shares exchanged. A holder of the pre-Reverse Stock Split Shares who receives cash in lieu of a fractional Share interest and the cash received. Such gain or loss will be a capital gain or loss and will be recognized by us as a result of the Reverse Stock Split.

Backup Withholding

requirements may apply to the receipt of cash in lieu of fractional Shares by U.S. Holders that are corporations). A backup withholding tax, currently at a rate of []%, may apply to such payments if the holder (i) fails to provide to us or our distribution agent a taxpayer identification number, (ii) furnishes an incorrect taxpayer identification number, (iii) is notified by the IRS that it has failed to properly report payments of interest and dividends, (iv) is notified by the IRS that it has failed to certify, under penalty of perjury, that it has furnished a correct taxpayer identification number, or (v) has been notified by the IRS that it is subject to backup withholding.

Additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against the holder's federal income tax liability, provided that the required information is timely provided to the IRS.

Discussion of the material U.S. federal income tax consequences to Non-U.S. Holders of common stock in connection with the Reverse Stock Split. A Non-U.S. Holder is an individual, corporation, trust or estate that is a beneficial owner of common stock and is not a U.S. Holder.

Dividends and gain on the sale of fractional Shares in respect of the Reverse Stock Split will be considered taxable income to a Non-U.S. Holder if such dividends or gains are:

connected with the Non-U.S. Holder's conduct of a U.S. trade or business; or

effectively connected with the Non-U.S. Holder's conduct of a U.S. trade or business (or in the case of an individual, a fixed base) in the United States.

Dividends and gain on the sale of fractional Shares in respect of the Reverse Stock Split will be considered taxable income to a Non-U.S. Holder if such dividends or gains are: (i) effectively connected with the Non-U.S. Holder's conduct of a U.S. trade or business (or in the case of an individual, a fixed base) in the United States; or (ii) the branch profits tax at a 30% rate (or such lower rate as may be specified by an applicable income tax treaty).

der on the receipt of cash in lieu of fractional Shares generally will not be subject to U.S. federal
S:

or business income;

137

ptions, the Non-U.S. Holder is an individual who holds common stock as a capital asset, is present for 183 days or more in the taxable year of the share distribution and meets certain other requirements;

been a U.S. real property holding corporation for federal income tax purposes at any time during the period ending on the date of the share distribution and the Non-U.S. Holder's holding period in the Non-U.S. Holder does not fall within a *de minimis* exemption.

point above will be subject to U.S. federal income tax on a net income basis at the regular graduated much the same manner as if such holder were a resident of the United States. A Non-U.S. Holder subject to an additional branch profits tax equal to 30% (or such lower rate specified by an its effectively connected earnings and profits for the taxable year, as adjusted for certain items. Gain point above will be subject to U.S. federal income tax at a flat 30% rate (or such lower rate specified y), but may be offset by U.S. source capital losses from the same taxable year (even though the resident of the United States), provided that the non-U.S. Holder has timely filed U.S. federal income losses.

and are not currently a U.S. real property holding corporation.

ED FOR GENERAL INFORMATION ONLY AND DOES NOT PURPORT TO ADDRESS ALL FEDERAL INCOME TAX CONSEQUENCES OF THE REVERSE STOCK SPLIT AND IS NOT TO ANY PERSON. IN PARTICULAR, WITHOUT LIMITING THE GENERALITY OF THE Y ASSUMES THAT OUR SHARES ARE HELD AS CAPITAL ASSETS AS DEFINED IN THE SIDER THE FEDERAL INCOME TAX CONSEQUENCES TO OUR STOCKHOLDERS IN L INVESTMENT CIRCUMSTANCES OR TO HOLDERS WHO MAY BE SUBJECT TO ER THE FEDERAL INCOME TAX LAWS (SUCH AS DEALERS IN SECURITIES, DREIGN INDIVIDUALS AND ENTITIES, FINANCIAL INSTITUTIONS AND TAX EXEMPT IS SUMMARY DOES NOT ADDRESS ANY CONSEQUENCES OF THE REVERSE STOCK LOCAL OR FOREIGN TAX LAWS. THE STATE AND LOCAL TAX CONSEQUENCES OF MAY VARY AS TO EACH STOCKHOLDER DEPENDING ON THE STATE IN WHICH SUCH S A RESULT, IT IS THE RESPONSIBILITY OF EACH STOCKHOLDER TO OBTAIN AND , HER OR ITS TAX ADVISOR AS TO, BUT NOT LIMITED TO, THE FOLLOWING: (A) THE TAX SITUATION OF THE REVERSE STOCK SPLIT, INCLUDING, BUT NOT LIMITED TO, ECT OF STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX LAWS; (B) THE RE LEGISLATION OR REGULATIONS; AND (C) THE REPORTING OF INFORMATION WITH THE REVERSE STOCK SPLIT ON HIS, HER OR ITS OWN TAX RETURNS. IT WILL EACH STOCKHOLDER TO PREPARE AND FILE ALL APPROPRIATE FEDERAL, STATE

Stock Split requires the affirmative vote of a majority of the outstanding Shares entitled to vote at the Special Meeting. If a Broker Non-Vote is received, the Broker Non-Vote will have the effect of a vote against this proposal.

WE RECOMMEND THAT YOU VOTE FOR PROPOSAL II TO APPROVE THE REVERSE STOCK SPLIT AS BEING IN THE BEST INTERESTS OF OUR STOCKHOLDERS AND RECOMMENDS A VOTE FOR

PROPOSAL TO SELL SHARES OF COMMON STOCK AT A PRICE OR PRICES BELOW THE THEN CURRENT NET ASSET VALUE PER SHARE IN ONE OR MORE OFFERINGS

Proposal I, as well as all other Proposals herein, we intend to effectuate the Reincorporation Transaction, and to undertake the Proposed Offering. Under the 1940 Act, a BDC may not sell shares of its common stock at a price below NAV, exclusive of sales compensation, unless its stockholders approve such a sale and Newtek NY's stockholders consent. It is not possible to predict whether our BDC Shares will trade at a price above or below their then current NAV at the time of the Proposed Offering. **We will not sell any BDC Shares pursuant to this Proposal III UNLESS we receive the approval of the stockholders pursuant to Proposal III and each of the other proposals set forth herein other than Proposal V.**

One of our stockholders so that, subsequent to effectuating the BDC Election, we may, in one or more instances, issue or otherwise issue BDC Shares at a price below our then current NAV, subject to certain conditions. Our then current NAV is not diluted by an amount greater than 25%. Our Board believes that having a stock price below NAV in certain instances is in the best interests of stockholders. In particular, such flexibility to effectuate the BDC Election and undertake the Proposed Offering promptly thereafter, as well as the flexibility to effectuate the BDC Election, flexibility to sell our common stock below NAV will provide us with access to the public capital markets as attractive investment opportunities arise, and improve our ability to grow over time and to raise capital. Generally, common stock offerings by BDCs are priced based on the market price of the currently issued shares at a discount of approximately 5% (which may be higher or lower depending on market conditions). If our BDC Shares trade at a market price below NAV, this Proposal III would permit Newtek NY to offer and sell BDC Shares in accordance with pricing standards that market conditions generally require, subject to the conditions set forth herein, with any offering undertaken pursuant to this Proposal III. If approved, as required under the 1940 Act, this Proposal III will be effective for securities sold during a period beginning on the date of such stockholder approval and ending on the anniversary of the date of this Special Meeting or the date of Newtek NY's 2015 Annual Meeting of stockholders.

Newtek NY has no immediate plans to sell BDC Shares below NAV. However, it is seeking authorization to undertake such offerings in order to maintain access to the markets if Newtek NY determines it should sell BDC Shares. Such sales typically must be undertaken quickly. The final terms of any such sale will be determined by the Board. Other than the Proposed Offering, as discussed herein, it is impracticable to describe the transaction or the terms of any such sale that would be sold at a price below NAV. Instead, any transaction where Newtek NY sells such Shares, will be subject to the terms of consideration that would be received by Newtek NY at the time of sale and the use of any such proceeds will be determined and approved by the Board at the time of sale. Subject to the condition that our then current NAV is not diluted by an amount greater than 25%, there will be no limit on the percentage below NAV at which Shares may be sold in an offering undertaken pursuant to this Proposal III. If this Proposal III is approved, no further authorization from the stockholders will be required in accordance with the terms of this Proposal III.

This document is not an offer to sell securities. Securities may not be offered or sold in the United States absent an applicable exemption from SEC registration requirements.

Below NAV

of its common stock at a price below NAV is governed by the 1940 Act. If stockholders approve this
 ly sell BDC Shares at a price below NAV if the following conditions are met:

NY's directors who are not interested persons of Newtek NY as defined in the 1940 Act, and who
 est in the sale, shall have approved the sale and determined that it is in the best interests of Newtek
 rs; and

ctors, who are not interested persons of Newtek NY, in consultation with the underwriter or
 ering if it is to be underwritten, have determined in good faith, and as of a time immediately prior to
 or on behalf of Newtek NY of firm commitments to purchase such securities or immediately prior
 securities, that the price at which such securities are to be sold is not less than a price which closely
 et value of those securities, less any underwriting commission or discount, which could be

s Board, including a majority of the non-interested directors who have no financial interest in this
 sal III as in the best interests of Newtek NY and its stockholders and is recommending that Newtek
 of this Proposal III to offer and sell BDC Shares at prices that may be less than NAV. In evaluating
 Board, including the non-interested directors, considered and evaluated factors including the
 y below:

enefits to Newtek NY's stockholders; and

ewtek NY's NAV.

II, Newtek NY's Board met to consider and evaluate material that our management provided on the
 ditional capital and the merits of publicly offering BDC Shares at a price below NAV. Newtek NY's
 of a possible offering, the mechanics of an offering, establishing size parameters for an offering, the
 non stock trading volume, and other matters, including that Newtek NY's common stock has
 below NAV in recent quarters. The Board evaluated a full range of offering sizes. However, the
 nite conclusions regarding the size of the Proposed Offering or other contemplated capital raises at
 Y's common stock were to trade below NAV. In determining whether or not to offer and sell
 NAV, the Board of Directors has a duty to act in Newtek NY's best interests and its stockholders and
 rements of the 1940 Act.

Below NAV

at having the flexibility for Newtek NY to sell its common stock below NAV in certain instances is in
 the best interests of its stockholders. Such flexibility will enhance our ability to complete the
 ur small business finance platform. After any such Proposed Offering, if Newtek NY were unable to
 attractive investment opportunities arise, Newtek NY's ability to grow over time and to continue to

uld be adversely affected. In reaching that conclusion, Newtek NY s Board considered the following
ers:

Created Attractive Opportunities

e created, and we believe will continue to create for the foreseeable future, favorable opportunities
that, all else being equal, may increase Newtek NY s

if financed with the issuance of common stock below NAV. Stockholder approval of this Proposal filed below, is expected to provide Newtek NY with the flexibility to make a BDC Election, expand and invest in the attractive opportunities we believe are presented by current market conditions.

Beneficial effects for capital providers, including reduced competition, more favorable pricing of credit structures and more creditor-friendly contractual terms. Accordingly, we believe that Newtek MD is well positioned in this constrained credit market and that the current environment should provide attractive opportunities for Newtek NY's ability to take advantage of these opportunities will depend upon making the BDC Election and the offering, and its continued access to capital.

Benefits Due to Larger Capital Resources

That additional capital raised through an offering of BDC Shares may help it generate additional deal flow. Management, Newtek NY's Board believes that greater deal flow, which may be achieved with more capital, will allow the Company to be a more significant participant in the private debt and equity markets and to compete more effectively for investment opportunities. Management has represented to Newtek NY's Board that such investment will be made from the proceeds of the Proposed Offering and future offerings of the BDC Shares. However, management cannot guarantee the companies in which to invest the proceeds of an offering given that specific investment opportunities will vary from offering to offering.

Increased Liquidity May Make the Company's Common Stock More Attractive to Investors

As a result of the offering, its market capitalization and the amount of its publicly tradable common stock will increase, which will provide its common stock greater liquidity. A larger market capitalization may make the Company's stock more attractive to a larger base of investors who have limitations of the size of companies in which they invest. Furthermore, a larger trading volume may increase the Company's trading volume, which could decrease the volatility in the price of its common stock.

Availability of Dividends

The Company's portfolio could provide Newtek NY with more consistent cash flow, which may support the initiation of a dividend program. Although we have not declared or paid regular quarterly dividends during our prior three fiscal years, in order to focus on earnings for growth, after the BDC Election, we intend to distribute dividends on a quarterly basis. If the Company continues to seek to generate income sufficient to pay Newtek NY's dividends in the future, the proceeds from the offering, together with other investments thereof, could enable Newtek NY to maintain and possibly grow its dividends, which may be beneficial in the future.

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 are not directly related to its size. On a per share basis, these fixed expenses will be reduced when supported by a larger asset base.

Maintaining a Favorable Debt-to-Equity Ratio

poses, the Company will be dependent on its ability to raise capital through the sale of common stock. The Company will contribute substantially all of their earnings from dividends, interest and short-term gains to stockholders. The Company's status as a RIC pass-through tax treatment, which prevents the Company from using those earnings to support its operations. For the same reason BDCs, in order to borrow money or issue preferred stock, must maintain a debt to equity ratio of 1-for-1, which will require the Company to finance its investments with at least as much common stock as debt in the aggregate. Therefore, to continue to build the Company's investment portfolio, and thereby increase the value of the Company's dividends, the Company will endeavor to maintain consistent access to capital markets and equity markets to enable it to take advantage of investment opportunities as they arise.

A high debt-to-equity ratio would have severe negative consequences for a BDC, including an inability to obtain financing, violation of debt covenants and failure to qualify for tax treatment as a RIC. Although the Company does not currently maintain the required 1-for-1 debt-to-equity ratio, the markets the Company operates in and the general economic conditions are uncertain. Even though the underlying performance of a particular portfolio company may not indicate that the Company is over-indebtedness in full, the volatility in the debt capital markets may continue to impact the Company's operations negatively and result in further unrealized write-downs of debt investments. Any such asset write-downs could result in write-downs based on the underlying performance of the Company's portfolio companies, if any, which would reduce the Company's equity and the resulting debt-to-equity ratio. Issuing new equity will improve the Company's debt-to-equity ratio and help in meeting legal requirements applicable to BDCs, having a more favorable debt-to-equity ratio will improve the Company's balance sheet and give it more flexibility in its operations.

The market price that is less than the value of the net assets attributable to those shares. The possibility that the Company's stock will trade at a discount from net asset value, or at premiums that are unsustainable over the long term, is a result of the risk that the Company's net asset value will decrease. Shares of Newtek NY's common stock have traded at a premium and below their NAV since they began trading on the NASDAQ Capital Market. As of [redacted], the Company's stock traded at a [premium/discount] equal to approximately [redacted]% of the net assets attributable to those shares. As of [redacted], 2014. It is not possible to predict whether the BDC Shares that may be offered will trade at, above, or below net asset value. The following table sets forth, for the two most recent fiscal years, the range of high and low sales prices of our common stock as reported on the NASDAQ Capital Market, the premium (discount) of high sales price to NAV and the premium (discount) of low sales price to NAV. This table does not account for the impact of the proposed Reverse Stock Split.

	Price Range		NAV(1)	Premium (Discount)	Premium (Discount)
	High	Low		of High Sales Price to NAV(2)	of Low Sales Price to NAV(2)
Through	\$ 1.90	\$ 1.60	\$ 1.57	21%	2%
Through	\$ 1.67	\$ 1.20	\$ 1.56	8%	(23)%
Through	\$ 1.55	\$ 1.28	\$ 1.59	3%	(20)%
Through	\$ 1.32	\$ 1.06	\$ 1.66	(20)%	(36)%

142

	Price Range		NAV(1)	Premium (Discount)	Premium (Discount)
	High	Low		of High Sales Price to NAV(2)	of Low Sales Price to NAV(2)
rough	\$ 1.60	\$ 1.18	\$ 1.76	(9)%	(33)%
rough	\$ 1.62	\$ 1.14	\$ 1.81	(10)%	(37)%
ugh	\$ 2.09	\$ 1.24	\$ 1.91	10%	(35)%
Through	\$ 2.05	\$ 1.76	\$ 1.96	5%	(10)%
rough	\$ 2.18	\$ 1.80	\$ 2.00	9%	(10)%
rough	\$ 2.20	\$ 2.02	\$ 2.05	7%	(2)%
ugh	\$ 3.04	\$ 2.07	\$ 2.11	44%	(2)%
Through	\$ 3.14	\$ 2.58	\$ 2.18	44%	19%
rough	\$ 2.90	\$ 2.74	\$ 2.21	31%	24%
rough	\$ 2.78	\$ 2.72	\$ 2.26	23%	20%
rough	\$ 2.61	\$ 2.51	*	*	*

determined as of the last day in the relevant quarter and therefore may not reflect the net asset value high and low sales prices. The values reflect stockholders equity per share and are based on d of each period.

high or low sales price less net asset value or stockholders equity per share, as applicable, divided olders equity per share, as applicable.

filing.

as

If or giving proxies with regard to this matter, stockholders should consider the potentially dilutive shares at a price that is less than the NAV per share and the expenses associated with such issuance on share, including in connection with the Proposed Offering. Any sale of common stock at a price immediate dilution to existing common stockholders. This dilution would include reduction in the issuance of shares at a price below the NAV per share and a disproportionately greater decrease in a ings and assets of the Company and voting interest in the Company than the increase in the assets of issuance. Subject to the condition that our then current NAV is not diluted by an amount greater on the percentage below NAV at which shares may be sold in an offering by the Company under this company will consider the potential dilutive effect of the issuance of BDC Shares at a price below the again such dilutive effect when considering whether to authorize any specific issuance of BDC

consider the risk that the approval of this Proposal III could cause the market price of the BDC of sales of its common stock below NAV, thus causing the Company's BDC Shares to trade at a price that establishes a connection between common share sale price and NAV because, when stock is sold at a price below NAV, the resulting

...ing shares reduces NAV per share. Stockholders should also consider that they will have no preemptive rights to additional BDC Shares proposed to be authorized for issuance, and thus any future dilute such stockholders' holdings of common stock as a percentage of BDC Shares outstanding to the extent they do not purchase sufficient BDC Shares in the offering or otherwise to maintain their percentage interest. Further, if the Company does not purchase any BDC Shares to maintain their percentage interest, regardless of whether the Company's then-current NAV, their voting power will be diluted.

...ution cannot be estimated before the terms of a common stock offering are set. As a general rule, the amount of potential dilution will increase as the size of the offering increases. Another factor that will affect the amount of dilution in an offering is the amount of net proceeds that we receive from such offering. The Board would like to note that the net proceeds will be equal to the price that investors pay per share, typically 95% of the market price, less the offering expenses and commissions.

...noted that the maximum dilution from an offering of BDC Shares below NAV is limited to 25%.

The Issuance of Shares Below NAV

...e level of net asset value dilution that would be experienced by a nonparticipating stockholder in offerings of different sizes and levels of discount from net asset value per share, although it is not intended to represent the market price decline that may occur. Actual sales prices and discounts may differ from the

...any XYZ has 1,000,000 common shares outstanding, \$15,000,000 in total assets and \$5,000,000 in net asset value and net asset value per share are thus \$10,000,000 and \$10.00, respectively. The table below illustrates the dilution to Nonparticipating Stockholder A of (1) an offering of 50,000 shares (5% of the outstanding shares) at \$9.50 per share after offering expenses and commissions (a 5% discount from net asset value); (2) an offering of 100,000 shares (10% of the outstanding shares) at \$8.00 per share after offering expenses and commissions (a 20% discount from net asset value); (3) an offering of 333,333 shares (33 1/3% of the outstanding shares) at \$0.02 per share after offering expenses and commissions (a 100% discount from net asset value).

Example 1 5% Offering at 5% Discount		Example 2 10% Offering at 10% Discount		Example 3 20% Offering at 20% Discount		Example 4 33 1/3% Offering at 100% Discount	
Following Sale	% Change	Following Sale	% Change	Following Sale	% Change	Following Sale	% Change
10.00		\$ 9.47		\$ 8.42		\$ 0.02	
9.50		\$ 9.00		\$ 8.00		\$ 0.02	
1,050,000	5.00%	1,100,000	10.00%	1,200,000	20.00%	1,333,333	33.33%

Edgar Filing: BEMIS CO INC - Form 424B2

9.98 (0.20)% \$ 9.91 (0.90)% \$ 9.67 (3.30)% \$ 7.50 (25.00)%

10,000

10,000

10,000

10,000

144

Example 1 5% Offering at 5% Discount		Example 2 10% Offering at 10% Discount		Example 3 20% Offering at 20% Discount		Example 4 33^{1/3}% Offering at 100% Discount	
Following Sale	% Change	Following Sale	% Change	Following Sale	% Change	Following Sale	% Change
0.95%	(4.76)%	0.91%	(9.09)%	0.83%	(16.67)%	0.75%	(25.00)%
\$ 99,800	(0.20)%	\$ 99,100	(0.90)%	\$ 96,700	(3.30)%	\$ 75,000	(25.00)%
\$ 100,000		\$ 100,000		\$ 100,000		\$ 100,000	
\$ (200)		\$ (900)		\$ (3,300)		\$ (25,000)	
\$ 9.98		\$ 9.91		\$ 9.67		\$ 7.50	
\$ 10.00		\$ 10.00		\$ 10.00		\$ 10.00	
\$ (0.02)		\$ (0.09)		\$ (0.33)		\$ (2.50)	
	(0.20)%		(0.90)%		(3.30)%		(25.00)%

share.

total investment.

share on shares held prior to sale.

less investment per share.

re divided by investment per share.

to the stockholders of the Company to approve this Proposal III, the Board of Directors considered
as:

of a common stock offering below NAV compared to other possible means for raising capital or
e capital;

stock offering in relation to the number of Shares outstanding;

of the securities markets; and

ing expenses associated with an increase in capital.

of the non-interested directors who have no financial interest in this Proposal III, concluded that the increasing our capital base outweighed any detriment, including dilution to existing stockholders.

y to sell BDC Shares at a price or prices below the Company's then current net asset value per share require the affirmative vote of (1) a majority of the outstanding Shares entitled to vote at the Special e outstanding Shares entitled to vote at the Special Meeting that are not held by affiliated persons of directors, employees and 5% shareholders. Because we intend to elect to be regulated as a BDC definition of a majority of the outstanding shares must be used for purposes of this proposal. The

the outstanding shares as: (1) 67% or more of the voting securities present at the Special Meeting if the outstanding voting securities of such company are present or represented by proxy; or (2) 50% of the company, whichever is the less. Abstentions and Broker Non-Votes will have the effect of

AT A VOTE FOR PROPOSAL III TO AUTHORIZE THE COMPANY TO SELL SHARES AT A PRICE OR PRICES BELOW THE COMPANY'S THEN CURRENT NET ASSET OR MORE OFFERINGS AS DESCRIBED ABOVE IS IN THE BEST INTERESTS OF THE COMPANY, THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR PROPOSAL III.

PROPOSAL IV APPROVAL OF A NEW EQUITY COMPENSATION PLAN

A majority of the Board, as defined in Section 57(o) of the 1940 Act approved and adopted the Stock Plan, as amended, authorized 3,000,000 Shares for issuance under the Stock Plan, and directed that the Stock Plan be submitted to the stockholders for approval. The Stock Plan is intended to replace the Company's 2000 Plan, 2003 Plan and 2007 Plan, which will be terminated in connection with the BDC Election.

The Company intends to implement the Stock Plan subsequent to the Reincorporation Transaction and the BDC Election if the Reincorporation Transaction is approved and the Board proceeds with the Reincorporation Transaction. All outstanding awards under the Existing Plans will become fully vested in connection with the Reincorporation Transaction. All outstanding awards that are not exercised before the consummation of the Reincorporation Transaction will be deemed to have been exercised as of a cashless exercise in exchange for common stock of the Company immediately prior to the consummation of the Reincorporation Transaction. Awards with an exercise price greater than the value of a share immediately prior to the consummation of the Reincorporation Transaction will be cancelled in exchange for a nominal payment per underlying share. The Company expects to submit the Stock Plan to the stockholders for approval. The Company expects to submit the Stock Plan to the stockholders for approval after it has effectuated the Reincorporation Transaction and BDC Election. **We will not implement the Stock Plan pursuant to this Proposal IV UNLESS our stockholders approve this proposal set forth herein other than Proposal V. If stockholders do not approve this proposal, the Company will not implement the Stock Plan pursuant to this Proposal IV but our Board of Directors determines not to proceed with the Reincorporation Transaction and BDC Election, our Existing Plans will remain in effect.**

The Company is committed to support the Company's ongoing efforts to attract and retain key employees and to motivate them for achieving superior performance. Different programs are geared to shorter- and longer-term goals of increasing stockholder value over the long-term. The Company's Board and Compensation, Corporate Governance Committee, which consists entirely of directors who are not employees of the Company (the "Committee"), is responsible for the oversight of the Company's plan for growth, stock-based incentive compensation advances the interests of the Company and provides the primary motivation for superior performance and more fully aligning the interests of officers with the

lan is attached under *Appendix B*.

146

m

Committee is authorized to grant stock options, the terms and conditions of which will be determined by the award agreement between the Company and the participant.

Plan, in accordance with the provisions of ASC Topic 718, *Share-Based Payments*, which requires us to classify share-based compensation arrangements on the date they are granted to employees as a liability or as an equity instrument on whether the obligations can be settled in cash or stock. Regardless of treatment as a liability or as an equity instrument, amounts must be expensed over the vesting period of the compensation arrangements. Under ASC 718, we are required to select a valuation technique or option-pricing model that meets the criteria stated in the standard.

The Committee's authorization to make awards under the Stock Plan, will not expire until the tenth anniversary of the date the Board of Directors may terminate, modify or suspend the Stock Plan, at any time, provided that no modification or termination of the Stock Plan will occur unless and until any required stockholder approval has been obtained and that such event will not affect the award holder without the award holder's consent.

The terms of the Stock Plan, will be determined by the Committee and may vary from year to year and from time to time. The benefits to be paid under the Stock Plan are not determinable at this time.

and Existing Plans

The Stock Plan provides for the issuance of awards of restricted stock to employees and non-employees. The ability to issue awards of restricted stock under the Stock Plan expired on December 31, 2009 and the ability to issue options under the 2003 Plan expired on December 31, 2009. The Stock Plan provides for the issuance of awards of restricted stock or options to employees and non-employees. The Stock Plan will differ from the Existing Plans in that it will reflect certain restrictions imposed on BDCs by the Stock Plan. The Stock Plan will not provide for awards of restricted stock or any awards to non-employees. See *BDC* for more information. The Stock Plan will provide for the issuance of options to officers of the Company without regard to whether they are employees or non-employees. Existing Plans also provide for the issuance of awards of stock appreciation rights, while the Stock Plan does not. The amount of such awards. In addition to the changes made to reflect restrictions imposed on BDCs, the Stock Plan provides for the issuance of awards of performance-based compensation under Section 162(m) of the Internal Revenue Code. The Stock Plan imposes a limit on the amount of shares subject to any option that may be granted to a participant under the Stock Plan. Existing Plans do not. Otherwise, the general terms of the Stock Plan will be similar to the general terms of the Existing Plans.

Awarded at the average of the highest and lowest sale price of the Company's BDC Shares on the date of the grant (the *Market Value*). In certain limited circumstances, the Committee may grant awards with a value less than the Market Value of the BDC Shares on the grant date. The Committee may not grant awards with a value less than the Market Value of the BDC Shares on the grant date, and it may not grant options with a term longer than the grant date. The maximum term of each option, the times at which each option will be exercisable, and the forfeiture of unexercised options at or following termination of employment or upon the death of the participant are fixed by the Committee, subject to a restriction that no option may have a term exceeding 10 years. Awards may be exercised by payment of the exercise price in cash, through broker-assisted cashless exercise, or by surrender of other securities.

market value equal to the exercise price. Under the terms of the Stock Plan, stock options, once under the terms of the Stock Plan stock options may be granted to officers of the Company, but may employees. The Stock Plan also provides that the total number of shares subject to options granted to year may not exceed one million shares.

and, under the Stock Plan may be made subject to the attainment of one or more performance goals. set forth in an award agreement containing such terms and conditions as the Committee may basis on which to determine the amount of or the right to an award. Under the Existing Plans, the based rights to awards on the attainment of performance goals and does not expect to do so in the

committee may, in its discretion, determine the vesting schedule of awards, the circumstances that awards, the post-termination exercise periods of awards, and the events that will result in acceleration lapse of restrictions on any award.

ered by the Committee, which is comprised of at least two directors who are considered independent awards of the NASDAQ Stock Market and are not interested persons of the Company as such term is e 1940 Act. Subject to the terms and conditions of the Stock Plan and the 1940 Act, the Committee is determine the type and number of awards to be granted and the number of BDC Shares to which of a performance award, specific times at which awards will be exercisable or settled, including be required as a condition thereof, set other terms and conditions of such awards, prescribe forms of specify rules and regulations relating to the Stock Plan, and make all other determinations which r the administration of the Stock Plan. The Committee will additionally have the authority to adopt such rules and guidelines for carrying out the Stock Plan, as it may deem appropriate. The hority to adopt such modifications, procedures and subplans as may be necessary or desirable to s, compensation practices and tax and accounting principles of the countries in which the Company sure the viability of the benefits of awards made to individuals employed in such countries and to Plan. The Committee may delegate its authority and power under the Stock Plan, in whole or in part ct to determinations and decisions regarding participants who are not elected officers, to one or more to guidelines prescribed by the Committee. The Committee will delegate its power and authority to least two non-employee directors who are outside directors within the meaning of Section 162(m) of nt or administration of an award intended to be qualified performance-based compensation within f the Code. In addition, the entire Board may itself act to administer the Stock Plan.

suspend or terminate the Stock Plan at any time, subject to the terms of the Company s governing including any requirement that such modification, revision or termination be approved by our nt will be made without stockholder approval if such amendment would increase the total number of ted under the Stock Plan. Except as set forth in any award agreement, no amendment or termination pair any rights or obligations under any outstanding award under the Stock Plan, without the award

nts of restricted stock awards, or make any awards to non-employees (other than officers of the
 relief from the SEC. We may file a request with the SEC for exemptive relief to allow us to amend the
 and awards, although we cannot provide any assurance that we will receive any such exemptive

a BDC is subject to restrictions on the amount of warrants, options, restricted stock or rights to
 that it may have outstanding at any time. In particular, the amount of capital stock that would result
 of all outstanding warrants, options or rights to purchase capital stock cannot exceed 25% of the
 of capital stock. This amount is reduced to 20% of the BDC's total outstanding shares of capital stock
 s or rights issued pursuant to an executive compensation plan would exceed 15% of the BDC's total
 k.

Consequences

ain relevant federal income tax effects applicable to option awards granted under the Stock Plan, is a
 made to the Code for a complete statement of all relevant federal tax provisions. Different rules may
 that is subject to the reporting requirements of Section 16(a) of the 1934 Act. The discussion is
 ke into account a number of considerations that may apply based on the circumstances of a particular
 ed upon as tax advice.

be taxed upon the grant of a non-qualified stock option (NQSO). Rather, at the time of exercise of
 ill recognize ordinary income for federal income tax purposes in an amount equal to the excess of
 Shares purchased over the exercise price. The Company will generally be entitled to a tax deduction
 unt that the option holder recognizes as ordinary income. However, unless the Company has
 a capital gains) in excess of such deductions and its other expenses, the Company will be unable to
 Shares acquired upon exercise of an NQSO are later sold or exchanged, then the difference between
 ale, exchange or disposition and the fair market value of such stock on the date of such exercise will
 or short-term capital gain or loss (if the stock is a capital asset of the holder) depending upon the
 were held by the holder.

f the IRS, a participant who pays the exercise price upon exercise of an NQSO, in whole or in part,
 y owned by him will recognize no gain or loss for federal income tax purposes on the BDC Shares
 e taxed according to the rules described above for NQSOs. With respect to BDC Shares acquired
 the BDC Shares surrendered, the basis per share will be equal to the basis per share of the BDC
 ing period for capital gains purposes will include the holding period of the BDC Shares surrendered.
 res received upon exercise will be equal to the fair market value of such shares on the date of
 for such additional shares will commence on the date the option is exercised.

an incentive stock option (ISO). Participants generally will not be taxed upon the grant of an ISO
 xable income on exercise of an ISO. Instead, they

as rates, upon the disposition of the stock acquired on exercise of the ISO in an amount equal to the disposition of the stock over the exercise price of the ISO. (In some cases, participants may become exercise of an ISO, because the excess of the fair market value stock at exercise over the exercise alternative minimum tax purposes.)

ed to ISOs is only available, however, if the participant does not dispose of the stock acquired upon st anniversary of the date on which he or she exercised the ISO or, if later, the second anniversary of anted. If the participant disposes of stock before the expiration of this holding period, a rs and the participant will recognize income, taxable at ordinary income rates, in the year of the amount of this income will generally be equal to the excess, if any, of the lesser of (i) the fair market exercise and (ii) the amount realized upon disposition of the stock over the exercise price paid for upon a disqualifying disposition is greater than the fair market value of the stock on the date of xable to the employee as capital gain. It is important to note that an option award is treated as an arket Value as of the grant date of the BDC Shares with respect to which ISOs are exercisable for year does not exceed \$100,000. Options granted in excess of the foregoing limitation are NQSOs.

Plan that are considered to be deferred compensation must satisfy the requirements of Section 409A consequences to participants. These requirements include limitations on timing of payments or mpany intends to structure any awards under the Stock Plan, to meet the applicable tax law

my

recognizes taxable income, as opposed to capital gain, as the result of the settlement of any award ny will be entitled to a deduction equal to the amount of income recognized by the participant.

es a \$1 million annual limit on the compensation paid to certain of its executives that is deductible ot, however, apply to qualified performance-based compensation, provided certain conditions are that option awards granted under the Stock Plan will be qualified performance-based compensation.

ome cases differ from those described above. In addition, awards made under the Stock Plan, may be to tax in jurisdictions other than the United States and may result in tax consequences differing from

ome tax consequences in respect of the Stock Plan, is for general information only. Interested advisors as to specific tax consequences, including the application and effect of foreign, state, and

ormation as of December 31, 2013 with respect to Shares that may be issued under Existing Plans. the Existing Plans following the Reincorporation Transaction and BDC Election. If the pproved and the Board of Directors

150

on Transaction, unvested awards under the Existing Plans will become fully vested. All issued and not exercised before the consummation of the Reincorporation Transaction will be deemed cashless exercise in exchange for common stock of the Company immediately prior to the transactions with an exercise price greater than the value of one share immediately prior to the transaction. All awards will be cancelled and exchanged for a nominal payment per underlying Share.

Number of Securities to be issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (2)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (3)
2,094,970	\$ 1.45	3,081,068

y

2,094,970	\$ 1.45	3,081,068
-----------	---------	-----------

non shares under the 2000 Plan, 1,800,000 common shares under the 2003 Plan, and 1,650,000 common shares under the 2010 Plan.

restricted stock rights which have a zero exercise price.

authorized by the 2000 Plan but against which option awards may not be made due to expiration of the 2000 Plan, as provided therein. Also includes [] Shares authorized by the 2003 Plan. Option awards may no longer be made due to the expiration of the same ten-year period.

awards to our named executive officers awarded in the fiscal year ended December 31, 2013, all of which will become fully vested on March 1, 2016. If the Reincorporation Transaction is approved and the Board proceeds with the transaction, all unvested awards will become fully vested.

Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Awards: Number	All Other Option Awards: Number	Exercise or Base Price of	Grant Date Fair Value of Stock
	Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				

	of Shares of Stock or Units (#)	of Securities Underlying Options (#)	Option Awards (\$/Sh)	and Option Awards (\$)
15/2013	75,000			139,500
15/2013	10,000			18,600
15/2013	10,000			18,600

DISCUSSION AND ANALYSIS

The Company's Chief Executive Officer, Chief Information Officer and Chief Accounting Officer and other individuals included in the Summary Compensation Table below, are referred to below as the

Objectives

Our compensation programs are designed to attract and retain key employees and to motivate them to achieve, and reward performance. Different programs are geared to shorter- and longer-term performance, with the goal of focusing on the long-term. Executive compensation programs impact all employees by setting general levels of compensation to create an environment of goals, rewards and expectations. Because we believe the performance of every employee is critical to our success, we are mindful of the effect of executive compensation and incentive programs on all of our

The compensation of our executives should reflect their success as a management team, rather than just as individuals. Key performance objectives, such as growth of sales, growth of operating earnings and earnings per share and return on equity and long-term competitive advantage, and ultimately, in attaining an increased market price for our common stock, should be the basis for determining their overall compensation. We also believe that the performance of our executives in managing our Company, considered in light of general economic conditions and competitive conditions, should be the basis for determining their overall compensation. We also believe that compensation should not be based on the short-term performance of our stock, whether favorable or unfavorable, but that the long-term performance of our stock will, in the long-term, reflect our operating performance and, ultimately, the management of the Company. We seek to have the long-term performance of our stock reflected in executive compensation through programs including stock options and restricted stock awards.

Compensation Decisions

The Compensation Governance and Nominating Committee supervises the design and implementation of compensation programs for the Company (which include the named executive officers) and overall incentive equity awards to all employees. Compensation decisions regarding the non-equity compensation of executive officers, other than named executive officers, are made by the Chief Executive Officer within the compensation philosophy set by the Committee. Decisions regarding the non-equity compensation of named executive officers are made by the Chief Executive Officer and the Committee for consistency with the Company's policies.

The Committee annually reviews the performance of each member of the senior executive team, including named executive officers (including those whose performance is reviewed by the Committee). The conclusions reached and recommendations of the Committee reviews, including with respect to salary adjustments and annual award amounts, are then presented to the Chief Executive Officer. The Committee will review and approve the recommendations for consistency with the Company's policies.

n

Each year, it has been the practice of the Chief Executive Officer to review the history of all the elements of executive compensation and the Chief Executive Officer may also compare the compensation of the executive officers in an appropriate market comparison group of companies with a capitalization similar to that of the Company to set compensation levels that are perceived as fair, internally and externally, and competitive with

panies in our industry, including larger companies from which we may want to recruit employees. We establish individual objectives in the range of comparative data for each individual or for each division. Annually, the Chief Executive Officer sets compensation with respect to the executive officers who report to the Compensation Committee for conformity with the Company's overall compensation policies. The named executive officers provide input to the Committee of these deliberations. The Committee then performs a similar review of the Chief Executive Officer's compensation. The Committee makes compensation decisions with respect to such officer, who does not participate in that

of compensation in order to attract and retain the necessary executive talent, reward annual performance and provide a focus for balanced focus on long-term strategic goals as well as short-term performance. The amount of compensation is determined by or under the direction of our Committee, which uses the following factors to determine the amount of cash and other benefits to pay each named executive officer:

Corporate and individual objectives for the year;

Desired results in the coming year;

Skills and capabilities to support long-term performance;

General management responsibilities; and

Position of the executive management team.

Our compensation goals but focus on the overall profitable growth of our business.

In addition, we have structured the Company's annual and long-term incentive-based cash and non-cash compensation to motivate executives to achieve the business goals set by the Company and reward the executives for

their performance or target for the allocation between either cash or non-cash compensation. Historically we have provided compensation to executive officers in the form of cash compensation.

In 2013, the principal components of compensation for named executive officers were:

Base salary; bonus; long-term incentive compensation based on the Company's performance and the executive's performance; and

Other benefits made available to all employees.

Executive officers and other employees with base salary to compensate them for services rendered. Base salaries continue to reflect our operating philosophy, our performance driven corporate culture and compensation policy. Base salaries are targeted to market levels based on reviews of published salary surveys and compensation since we do not believe that we have any peer companies. Base salary ranges for each executive are determined for each executive based on his or her position and responsibility by using market data from Equilar, and the Company generally attempts to fix each

within the range. We believe that the Company's most direct competitors for executive talent are not companies that are included in the peer company index used to compare shareholder returns, but companies engaged in the recruitment and retention of executive talent in competition with the

For senior level executives, including the named executive officers, we primarily consider:

Each executive's compensation both individually and relative to other executive officers;

Age of the executive; and

Company's revenue growth, net income and cash flow metrics relative to the Company's annual plan as reported.

Merit based increases to salaries are based on the Chief Executive Officer's assessment of the executive's performance. Merit based increases to the salaries of named executive officers other than the Chief Executive Officer are determined by the Compensation Committee and those for the Chief Executive officer are determined by the Board.

For executive officers under the Company's cash bonus plan. The Company creates a bonus pool as a percentage of the salaries of all employees which it accrues as an expense. Payments under the plan are based on overall performance as determined by the Chief Executive Officer and the Committee. The Committee determines the bonus for the Chief Executive Officer based on, among other things, a review of the Company's revenue growth, net income and cash flow relative to the Company's annual plans as established by the Board. The Chief Executive Officer in consultation with the named executive officers, or in consultation with the named executive officers for lower level employees, determines annual bonuses for other employees based on such factors as considered include the achievement of business plans, defined goals and performance relative to the Company's business strategy. The mix and weighting of the factors vary, depending on the business opportunities and business strategy. The level of achievement and overall contribution by the executive determines the level of bonus.

In addition to the Committee, the Company grants equity-based awards, such as stock options or restricted stock awards to the named executive officers and other employees to create a clear and strong alignment between compensation and performance. The named executive officers and other employees to develop and maintain a stock ownership stake in the Company over time and act as an incentive for the employee to remain with the Company. Restricted stock awards were granted pursuant to the 2010 Plan. The 2000 Plan and the 2003 Plan remain in existence but no additional awards were granted under these plans in accordance with their terms. During the Company's early years of operation, through 2009, the Company granted more frequently than at present on equity-based awards due to the limited resources available to the Company for the named executive officers and executives. During that period the Company paid very little in the form of cash bonuses or equity-based awards. Currently, the cash flow of the Company, permits a more balanced approach,

and equity awards to implement the Company's compensation policies.

154

As a result, we are required to measure the value of equity awards based on the fair value of the award on the date of grant, which is included in our statement of operations over the period during which an employee is required to provide services, which is usually the vesting period.

The Market Value of the Company's Shares is defined as the average of the highest and lowest sale price of the Company's Shares on the NASDAQ Capital Market on the date of grant (the "Market Value"). In certain limited circumstances, the Committee may grant options to an executive at an amount less than the Market Value of the Company's Shares on the grant date. The Committee has never granted options with a value less than the Market Value of the Company's Shares on the grant date, nor has it granted options which would have a value less than the Market Value of the Company's Shares on the grant date.

Options typically vest over the first two to five years of the ten-year option term, although in certain cases options may vest immediately. Vesting rights cease upon termination of employment and vested options may be exercised within one year of termination (other than termination for cause) and vested options granted after termination may be exercised no later than 90 days after termination of employment. Prior to the exercise of an option, the holder is treated as a shareholder with respect to the shares subject to such option, including voting rights and the right to receive dividends and equivalents.

Upon the execution of an agreement to effect a change of control, all options and restricted stock awards under the Existing Plans will become fully vested and immediately exercisable, notwithstanding any other provision of the plan or agreement. If a Reincorporation Transaction is approved and the Board proceeds with the Reincorporation Transaction, all options and restricted stock awards under the Existing Plans will become fully vested. All issued and outstanding options that are not exercised prior to the Reincorporation Transaction will be deemed exercised in full by means of a cashless exercise of the Company's common stock immediately prior to the Reincorporation Transaction. Any options with an exercise price greater than the fair market value of the Company's common stock immediately prior to the Reincorporation Transaction will be cancelled in exchange for a cash payment of the difference between the exercise price and the fair market value of the Company's common stock.

Not all employees are entitled to benefits that are not available to all of our employees. In this regard, it should be noted that the Company provides health, dental, vision, life insurance, disability, and other arrangements, post-retirement health coverage or similar benefits for our executives or employees. The following table shows the levels of benefits provided to executive officers. The named executive officers participate in the Company's health, dental, vision, life insurance, disability, and other benefit plans on the same basis as other similarly situated employees. The Company has a 401(k) savings plan under the Company's 401(k) savings plan which consists of a discretionary matching contribution of up to a maximum of 1% of the employee's compensation. At the Company's discretion, the matching contribution may be made in cash or Company common shares. In 2013, a match of \$136,976 in Shares was approved and will be made in cash.

The following table shows the expenses for fiscal 2013 are as follows. We paid the premiums on life insurance policies for and certain travel expenses for the Chief Executive Officer, in the amount of \$4,385.

Chief Executive Officer

The following table shows the compensation for Barry Sloane, Chairman, Chief Executive Officer and President for 2013. While Mr. Sloane's leadership in building a highly talented management team and in driving the Company's revenue increased to \$400,000 in March 2013. Mr. Sloane earned a \$100,000 bonus for 2013 (to be paid in 2014) and a \$100,000 bonus earned in 2012 and paid in 2012 and a \$100,000 bonus earned in 2011 and paid in 2012. In addition, Mr. Sloane received 5,000 Shares in 2013 which will vest in May 2016, and he received 400,000 common shares in 2011.

155

with a value as of the date of award of \$139,500 and \$680,000, respectively. The Committee has determined that the bonus package is competitive with the labor market median for someone with his skills and talents and is reflective of the Company's current cash and financial position and the status of the Company's Shares. Mr. Sloane's base salary has remained unchanged from 2005 through 2012.

Named Executive Officers

2013 compensation for Craig J. Brunet, Executive Vice President and Chief Information Officer, and Executive Vice President and Chief Accounting Officer as recommended to it by the Chief Executive Officer.

remained at \$276,000 in 2013, 2012 and 2011. Mr. Brunet did not earn a bonus for 2013. In 2012 he received 10,000 Shares which will vest in May 2016, valued at \$18,600 and a cash bonus of \$41,400. In 2011 he received 10,000 Shares which will vest in July 2014 valued at \$85,000 and did not receive a cash bonus.

Ms. Eddelson's 2013 and 2012 compensation was \$240,000 and \$230,833, respectively, and \$92,500 from July 1, 2011 through June 30, 2011. Ms. Eddelson received a \$50,000 cash bonus for 2013 (to be paid in March 2014). In 2012 Ms. Eddelson received a cash bonus of \$41,400 and an award of 10,000 Shares which will vest in May 2016 valued at \$18,600. In 2011, she received a cash bonus of \$35,000 which was paid in 2012, and an award of 35,000 Shares which vest in July 2014,

The Committee has determined that these compensation packages are competitive with the labor market median for someone with their skills and talents and are reflective of the Company's current cash and financial position and the status of the Company's Shares.

Attracting and motivating management and employees is essential to creating long-term shareholder value. A performance-based compensation program helps to achieve this objective by aligning the interests of the Company's management and employees with those of shareholders. We believe that the Company's 2013 compensation program

COMMITTEE REPORT

The Compensation and Nominating Committee of the Company has reviewed and discussed the foregoing Compensation Analysis for fiscal 2013 required by Item 402(b) of Regulation S-K with management and, based on the Compensation, Corporate Governance and Nominating Committee recommended to the Board that the Compensation Analysis be included in this Proxy Statement/ Prospectus.

CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

IN TABLE

aggregate compensation earned by the Company's Chief Executive Officer, Chief Investment Officer, and next most highly compensated executive officers during 2013 and the two previous years and the two most highly compensated executive officers.

Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) ⁽⁴⁾	Option Awards (\$) ⁽⁴⁾	Non-Equity Incentive Compensation (\$)	Change in Pension Value and Non-qualified Deferred Compensation (in excess of \$10,000) (\$)	All other compensation	Total (\$)
2013	391,667 ⁽¹⁾	100,000 ⁽⁹⁾						491,667
2012	350,000	300,000 ⁽³⁾	139,500 ⁽⁶⁾					789,500
2011	350,000	100,000 ⁽²⁾	680,000 ⁽⁸⁾					1,130,000
2013	276,000							276,000
2012	276,000	41,400 ⁽³⁾	18,600 ⁽⁶⁾					336,000
2011	276,000		85,000 ⁽⁸⁾					361,000
2013	240,000	50,000 ⁽⁹⁾						290,000
2012	230,833	50,000 ⁽³⁾	74,600 ⁽⁷⁾					355,433
2011	92,500 ⁽⁵⁾	35,000 ⁽²⁾	25,500 ⁽⁸⁾					243,833

increase in base salary on March 1, 2013.

2011 performance and paid in 2012.

2012 performance and paid in 2012.

Stock and Option Awards is the aggregate grant date fair value of options or stock awards granted to the

officers during the years shown, determined in accordance with FASB ASC Topic 718, disregarding adjustments

for restricted stock awards. The assumptions for making the valuation determinations are set forth in the footnote titled

"Valuation of Equity Awards" included in our financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended

2012 performance, granted in 2013.

Awards of \$56,000 were awarded for 2012 performance, granted in 2013; \$56,000 was for stock grants awarded for 2011

2012.

2011 performance, granted in 2012.

2013 performance to be paid in 2014.

Information as of December 31, 2013 with respect to our Shares that may be issued under our equity

	Number of Securities to be issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights⁽²⁾	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Approved by	2,094,970	\$ 1.45	3,081,068
Approved	2,094,970	\$ 1.45	3,081,068

non shares under the 2000 Plan, 1,000,000 common shares under the 2003 Plan, and 1,650,000 2010 Plan.

restricted stock rights which have a zero exercise price.

AWARDS

to our named executive officers awarded in the fiscal year ended December 31, 2013, all of which are expected to vest through 2016.

Grant date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Option Awards	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
	Threshold	Target	Maximum	Threshold	Target	Maximum				
01/15/2013							75,000			139,500
01/15/2013							10,000			18,600
01/15/2013							10,000			18,600

AWARDS AT 2013 YEAR END

Outstanding equity awards held by our named executive officers as of December 31, 2013:

Option Awards (1)				Stock Awards			Equity Incentive Awards: Market or Payout Value of Unearned Shares, Units or Rights that have not Vested (\$)
Number of Securities Underlying Exercisable Options (#)	Number of Securities Underlying Unexercisable Options (#)	Number of Securities Underlying Exercisable Options (#)	Exercise Price (\$)	Market Value of Shares or Units that have not Vested (\$)	Number of Unearned Shares, Units or Rights that have not Vested (#)	Equity Incentive Awards: Market or Payout Value of Unearned Shares, Units or Rights that have not Vested (\$)	

Edgar Filing: BEMIS CO INC - Form 424B2

			75,000 ⁽²⁾	139,500
			400,000 ⁽³⁾	680,000
00,000 ⁽¹⁾	1.57	12/21/15	10,000 ⁽²⁾	18,600
			50,000 ⁽³⁾	85,000
00,000 ⁽¹⁾	1.50	05/18/18	10,600 ⁽⁴⁾	13,250
10,000 ⁽¹⁾	1.57	12/21/15	10,000 ⁽²⁾	18,600
20,000 ⁽¹⁾	1.50	05/18/18	15,000 ⁽⁴⁾	25,500

ed. If the Reincorporation Transaction is approved and the Board of Directors proceeds with the
n, all issued and outstanding options that are not exercised before the consummation of the
n will be deemed exercised in full by means of a cashless exercise in exchange for common stock of
with an exercise price

share immediately prior to the Reincorporation Transaction will be cancelled and exchanged for a
lying share.

awarded in 2013 and shall vest on the earliest of the following to occur: (a) March 1, 2016; (b) a
ed in the plan) of the Company; or (c) His/her death or total disability. If the Reincorporation
d the Board of Directors proceeds with the Reincorporation Transaction, restricted stock awarded
ll become fully vested immediately prior to the Reincorporation Transaction.

awarded in 2011 and shall vest on the earliest of the following to occur: (a) February 1, 2015; (b) a
ed in the plan) of the Company; or (c) His/her death or total disability. If the Reincorporation
d the Board proceeds with the Reincorporation Transaction, restricted stock awarded under the
fully vested immediately prior to the Reincorporation Transaction.

awarded in 2010 and shall vest on the earliest of the following to occur: (a) March 1, 2016; (b) a
ed in the plan) of the Company; or (c) His/her death or total disability. If the Reincorporation
d the Board proceeds with the Reincorporation Transaction, restricted stock awarded under the
fully vested immediately prior to the Reincorporation Transaction.

STOCK VESTED

ncised nor restricted Common Shares vested during 2013 for the named executive officers.

ON INFORMATION

ate employment agreements with the following three executive officers during 2013:

man, Chief Executive Officer and Secretary; and

ecutive Vice President and Chief Information Officer; and

Executive Vice President and Chief Accounting Officer

Chief Executive Officer, is responsible for implementing the policies adopted by the Company s

ment provides for:

through March 31, 2014 at an annual base salary of \$400,000;

ary review by the Board;

cretionary bonus plan established for senior executives;

l plans, customary fringe benefits, vacation and sick leave; and

lar life insurance coverage.

ment provides for:

through March 31, 2014 at an annual base salary of \$276,000 through December 31, 2013;

ary review by the Board;

159

cretionary bonus plan established for senior executives; and

l plans, customary fringe benefits, vacation and sick leave.
reement provides for:

through March 31, 2014 at an annual base salary of \$240,000;

ary review by the Board;

cretionary bonus plan established for senior executives; and

l plans, customary fringe benefits, vacation and sick leave.
ontrol

ment provides for a payment in the event of non-renewal of his employment in an amount equal to
n the case of a change of control or termination other than for cause of the agreement an amount
f (i) the executive's base salary in effect at the time of termination, plus (ii) the amount of any
n respect to the immediately preceding fiscal year.

s employment agreements provide for a payment in the case of termination other than for cause or in
rol of the agreement equal to one (1) times the sum of (i) the executive's base salary in effect at the
amount of any incentive compensation paid with respect to the immediately preceding fiscal year.
ment also provides for a payment in the case of non-renewal equal to one (1) times the sum of (i) the
at the time of termination, plus (ii) the amount of any incentive compensation paid with respect to the
r.

tains a non-competition provision that requires the employee to devote substantially his full
performance of the employee's duties under the agreement. The employee is not prohibited, however,

of directors of, and holding offices or positions in, companies or organizations which, in the opinion
resent conflicts of interest with the Company; or

ess dissimilar from the Company's or, solely as a passive or minority investor, in any business.

reements, the Company may terminate an employee's employment for just cause as defined in the
tion, no severance benefits are available. If the employee voluntarily terminates his employment for
agreement, or the employee's employment terminates during the term of the agreement due to death,
62, the employee will be entitled to a continuation of his salary and benefits from the date of
g term of the agreement. The employee is able to terminate voluntarily his agreement by providing

rd in which case the employee is entitled to receive only his compensation, vested rights and
tion.

unt of compensation that would be payable to the executive officers under existing arrangements if
employment events described above had occurred on December 31, 2013, given their compensation
. All payments are payable by the Company in a lump sum unless otherwise noted.

160

benefits available regardless of the occurrence of such an event, such as currently exercisable stock available to salaried employees, such as distributions under the Company's 401(k) plan, disability pay. In addition, in connection with any termination of Mr. Sloane's employment, the Company may elect to establish an arrangement providing additional benefits or amounts, or altering the terms of Mr. Sloane's compensation. Compensation, Corporate Governance and Nominating Committee deems appropriate.

The amount of severance pay to be paid to our executive officers upon termination of employment can be determined only at the time of termination by the Company.

	Post Termination Payments		
	Change in Control	Non-Renewal	Termination without Cause
CEO	\$ 1,079,000	\$ 809,250	\$ 1,079,000
COO	\$ 294,600	\$ 294,600	\$ 294,600
VP, CAO	\$ 258,600	\$	\$ 258,600

Severance pay for the CEO, COO, and VP, CAO is included in the table above. The amount of non-qualified deferred compensation in the year ended December 31, 2013.

The amount of severance pay under pension benefit plans to the named executive officers as of December 31, 2013.

Plans

Compensation

The Company reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code. The Company may not deduct compensation of more than \$1,000,000 that is paid to certain individuals. The Company's compensation policy includes performance-based compensation. The Company believes that compensation paid by the Company is deductible for federal income tax purposes. However, in certain situations, the Committee may, in the future, determine that compensation that will not meet these requirements in order to ensure competitive levels of total compensation for its

Compensation

The Company began accounting for stock-based payments under its three incentive stock plans in accordance with the requirements of FASB Statement 123(R).

DIRECTOR COMPENSATION

The Company's compensation of non-employee directors which gives effect to the time and effort required of each director in the performance of their duties. During 2013 compensation was paid in cash and restricted stock and is set forth in the table below. In 2010, directors are paid the following annual fees:

Board: \$50,000;

ee: \$20,000;

er: \$5,000.

161

ion Table ⁽¹⁾

Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
75,000	45,750					120,750
75,000	45,750					120,750
60,000	45,750					105,750

s Chairman, Chief Executive Officer and President, is not included in this table as he was an in 2013 and thus received no compensation for his services as a director. The compensation received of the Company is shown in the Summary Compensation Table below.

OWNERSHIP OF CONTROL PERSONS AND PRINCIPAL STOCKHOLDERS

er of our common Shares beneficially owned as of February 14, 2014 by:

known by us to beneficially own more than 5% of our outstanding Shares;

inee for director;

named in the Summary Compensation Table under the heading Executive Compensation; and

tors and executive officers of the company as a group.

y owned by each 5% holder, director or executive officer is determined by the rules of the SEC, and rily indicate beneficial ownership for any other purpose. Under such rules, beneficial ownership e person or entity has sole or shared voting power or investment power and also any shares that the in 60 days of February 14, 2014 through the exercise of any stock option or other right. For purposes outstanding Shares of common shares held by each person or entity, any shares that the person or h in 60 days after February 14, 2014 are deemed to be outstanding with respect to such person or outstanding for the purpose of computing the percentage of ownership of any other person or entity. person or entity has sole investment and voting power (or shares such power with his or her spouse) llowing table. The inclusion in the table below of any shares deemed beneficially owned does not cial ownership of those shares. As of February 14, 2014, there were 35,438,668 Shares issued and

Shareholder Owner ⁽¹⁾	Shares Owned	Right to Acquire ⁽²⁾	Total Beneficial Ownership ⁽³⁾⁽⁴⁾	Percent of Class	Proforma ownership ⁽⁶⁾	Proforma Percent of Class ⁽⁷⁾
	188,154	39,685	227,839	*	327,839	*
	86,734	200,000	286,734	*	357,334	*
	13,370	30,000	43,370	*	103,370	*
	79,303		79,303	*	179,303	*
	86,625		86,625	*	186,625	*
	4,291,505		4,291,505	12.11%	4,291,505	10.8%
	4,727,464		4,727,464	13.34%	5,202,464	13.0%
Executive Officers as a			9,742,840	27.49%	10,648,440	26.7%

Common shares outstanding as of February 14, 2014

The address of each person listed is c/o Newtek Business Services, Inc., 212 W. 35th Street, 2nd floor, New York, NY 10011.

including stock options which are exercisable as of February 14, 2014, or which become exercisable 60 months after the date of grant.

except with respect to Mr. Rubin as of March 14, 2007.

If the transaction is approved and the Board proceeds with the Reincorporation Transaction, the adoption of the proposed change in the vesting period for these options.

effective as of March 7, 2008.

ownership which accounts for exercise of all outstanding stock options and vesting of all unvested options.

outstanding at BDC conversion date of 39,872,318.

Dollar range of our equity securities beneficially owned by each of our directors as of the Record Date.

**Dollar Range of Equity Securities
in the Company (1)(2)(3)**

Mr. Beck	over \$	100,000
Mr. Gerner	over \$	100,000
Mr. Mulia	over \$	100,000
Mr. Saxe	over \$	100,000

(1) none, \$1-\$10,000, \$10,001-\$50,000, \$50,001-\$100,000, or over \$100,000.

(2) as determined in accordance with Rule 16a-1(a)(2) of the Exchange Act.

(3) Dollar range of equity securities beneficially owned is based on a price of \$2.86 per share, which was the closing price of our common stock on February 14, 2014.

requires the affirmative vote of a majority of the Shares cast in person or by proxy at the Special Meeting. Non-Votes will not be included in determining the number of votes cast and, as a result, will have no effect on the outcome of the vote.

AT A VOTE FOR PROPOSAL IV TO APPROVE A NEW EQUITY COMPENSATION PLAN THAT THE BOARD BELIEVES IS IN THE BEST INTERESTS OF OUR STOCKHOLDERS AND RECOMMENDS A VOTE FOR PROPOSAL IV.

7.

PROPOSAL V APPROVAL TO ADJOURN TO SOLICIT ADDITIONAL VOTES

may be asked to consider and act upon one or more adjournments of the Special Meeting, if necessary, to solicit proxies in favor of any or all of the other proposals set forth in this proxy statement.

At the Special Meeting, the Company's stockholders may be asked to vote on the proposal to adjourn the Special Meeting to solicit proxies. If a quorum is present at the Special Meeting, but there are not sufficient votes at the Special Meeting to approve one or more of the proposals, the Company's stockholders may also be asked to vote on the proposal to adjourn the Special Meeting to permit further solicitation of proxies in favor of the other proposals. However, a stockholder may not vote on one or more of the proposals in this proxy statement prior to any such adjournment if there are no other proposals on the agenda for such proposal(s).

submitted for a vote at the Special Meeting, and if the Company's stockholders vote to approve the proposal, the Special Meeting will be adjourned to enable the Board to solicit additional proxies in favor of one or more proposals. If a proposal is approved, and the Special Meeting is adjourned, the Board will use the additional time to solicit proxies in favor of any of the proposals to be presented at the Special Meeting, including the solicitation of proxies from stockholders who previously voted against the relevant proposal. Among other things, approval of the adjournment motion does not mean that although the Company may have received proxies representing a sufficient number of votes against a proposal, the Company's management could present the adjournment proposal for a vote of the Company's stockholders at the Special Meeting. A vote to adjourn the Special Meeting to be adjourned without a vote on the proposal and seek during that period to convince the stockholders to change their votes to vote in favor of the proposal. Therefore, if a stockholder voted against any or all of the proposals described in this proxy statement, then such stockholder may not want to vote for this adjournment proposal.

A sufficient number of Shares of the Company's common stock voting in favor of any of the proposals presented at the Special Meeting to approve a proposal, it is in the best interests of the Company's stockholders to enable the Board, if necessary, to continue to seek to obtain a sufficient number of additional votes in favor of the proposal.

At the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to obtain the affirmative vote of a majority of the Shares represented at the Special Meeting in person or by proxy. A vote on an adjournment will have the same effect as a vote against the adjournment motion. The stockholder should vote those proxies for such adjournment, unless marked to be voted against any proposal for which an adjournment is requested. Further solicitation of proxies.

AT A VOTE FOR PROPOSAL V TO APPROVE ANY ADJOURNMENT OF THE SPECIAL MEETING, IF NECESSARY OR APPROPRIATE, TO SOLICIT ADDITIONAL PROXIES IN FAVOR OF ANY OR ALL PROPOSALS, AND IF NECESSARY, TO CONTINUE TO SEEK TO OBTAIN A SUFFICIENT NUMBER OF ADDITIONAL VOTES IN FAVOR OF THE PROPOSAL, IT IS IN THE BEST INTERESTS OF OUR STOCKHOLDERS AND RECOMMENDS A VOTE FOR PROPOSAL V.

OTHER MATTERS

Business to come before the Special Meeting other than those matters described above in this Proxy Statement. Properly executed proxies in the accompanying proxy statement confer discretionary authority on the persons named therein to vote at the direction of a majority of the stockholders on other matters presented at the Special Meeting. Under SEC rules, if a stockholder does not notify the Company before the date of this Proxy Statement/ Prospectus of such stockholder's intent to present a matter for consideration at the Special Meeting, the persons named in the accompanying proxy may exercise such discretionary voting authority if the matter is presented at the Special Meeting, without any discussion of the matter in this Proxy Statement/ Prospectus.

ADDITIONAL INFORMATION

For more information, please refer to the Company's recent reports, proxy statements and other information with the SEC at 100 F Street, N.E., Washington, D.C. 20002. You may read and copy any reports, statements or other information we

ce Room in Washington, D.C. 20549. Please call the SEC at (800) SEC-0330 for further information. Our SEC filings are also available to the public from commercial document retrieval services and on the SEC at www.sec.gov. Such information will also be furnished upon written request to Newtek at 35th Street, 2nd Floor, New York, NY 10001, Attention: Secretary, and can also be accessed at www.newtek.com.

Permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy materials to more stockholders sharing the same address. This process, which is commonly referred to as "householding," provides extra convenience for stockholders and cost savings for companies. Some brokers household proxy materials to multiple stockholders sharing an address unless contrary instructions are received from the affected stockholders.

If you have requested that your proxy materials be householded, you will continue to receive a copy of your proxy materials from your broker or the Company that they or the Company will be householding materials to your home until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to be householded, please notify your broker if your Shares are held in a brokerage account or the Company if you hold Shares directly. You may notify the Company by sending a written request to, Newtek Business Services, Inc., 212 West 35th Street, New York, NY 10001, Attention: Secretary or call (212) 356-9500. Promptly upon receipt by us of such a request, your proxy materials will be delivered to the requesting stockholder. Stockholders who currently receive proxy materials/ Prospectus at their addresses and would like to request householding of their proxy materials should contact their brokers or the Company (if you hold registered Shares).

INVESTMENT ADVISORY AND OTHER SERVICES

Our investment advisory services are managed by our executive officers, which include Barry Sloane, Craig J. Brunet, Jennifer C. Eddelson and our investment advisory committee, under the supervision of our board of directors, and will not depend on a third party investment advisory firm. We may pay investment advisory fees and all of our income will be available to pay our operating costs and to pay dividends to our stockholders. Our executive committee will also oversee our controlled portfolio companies and, to the extent we make additional equity investments in the future, the executive committee will also have primary responsibility for the review and completion of such investments. We do not expect to focus our resources on investing in additional equity investments, but may elect to do so from time to time on an opportunistic basis. Messrs. Sloane, Brunet and Jennifer C. Eddelson have been involved in the structuring and management of equity investments for the past ten years.

BROKERAGE ALLOCATION AND OTHER PRACTICES

and dispose of our investments in privately negotiated transactions, we will infrequently use brokers or dealers. Subject to policies established by our board of directors, we will generally not execute orders through a broker or dealer, but seek to obtain the best net results for us, taking into account such factors as (including, but not limited to, brokerage commission or dealer spread), size of order, difficulty of execution, and operational risk and skill in positioning blocks of securities. While we generally will seek reasonably competitive prices, we will not necessarily pay the lowest spread or commission available. Subject to applicable legal requirements, we will pay a commission to a broker based partly upon brokerage or research services provided us. In return for such services, we will pay a commission to other brokers would charge if we determine in good faith that such commission is reasonable in the circumstances and our management and employees are authorized to pay such commission under these

TRANSFER AND DISTRIBUTION PAYING AGENT AND REGISTRAR

The paying agent and registrar is American Stock Transfer and Trust Company whose principal business office is located in New York, New York, at 100 Broadway, New York, NY 11219.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

As our independent registered public accounting firm located at 1185 Avenue of the Americas, New York, New York, the financial statements of Newtek Business Services, Inc. as of December 31, 2012 and for each of the two years ended December 31, 2011 and 2010 incorporated by reference in this prospectus have been so included in reliance on the audit report of said independent registered public accounting firm, and upon the authority of said firm as experts in accounting. The consolidated financial statements incorporated in this Proxy Statement/Prospectus by reference to the year ended December 31, 2013, have been audited by McGladrey LLP, an independent member firm of the McGladrey & Pullen network, as stated in their report incorporated by reference herein, and have been so incorporated in reliance on the audit report of such firm as experts in accounting and auditing.

ANNUAL REPORT

The Annual Report on Form 10-K for the fiscal year ended December 31, 2013, which includes financial statements, is incorporated by reference in this Proxy Statement/ Prospectus and is incorporated herein by reference. Newtek NY's Quarterly Report on Form 10-Q for the quarter ending June 30, 2014 is incorporated herein by reference.

INDEX TO FINANCIAL STATEMENTS

<u>Public Accounting Firm</u>	F-2
<u>es as of March 31, 2014</u>	F-3
<u>Liabilities as of March 31, 2014</u>	F-4
<u>Public Accounting Firm</u>	F-6
<u>estments as of March 31, 2014</u>	F-7
<u>le of Investments as of March 31, 2014</u>	F-59

F-1

Report of Independent Registered Public Accounting Firm

Board of Directors of

financial statement of assets and liabilities of Newtek Business Services Corp. (the Company) as of March 31, 2014. The preparation of the financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement based on our audit.

In accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of assets and liabilities and the related disclosures in the financial statement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for our audit, but not for the purpose of expressing an opinion on the internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes the examination of evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles and methods, significant estimates made by management, as well as evaluating the overall financial statement presentation. Our audit provides a reasonable basis for our opinion.

In our opinion, the assets and liabilities referred to above presents fairly, in all material respects, the financial position of the Company as of March 31, 2014, in conformity with accounting principles generally accepted in the United States.

F-2

NEWTEK BUSINESS SERVICES CORP.

STATEMENT OF ASSETS AND LIABILITIES

March 31, 2014

ASSETS	
	\$ 658
	\$ 658
LIABILITIES AND NET ASSETS	
	\$ 329
per share (200,000,000 authorized; none issued and outstanding)	\$
	488
	(159)
	329
	\$ 658
	\$

The accompanying notes are an integral part of this financial statement.

NEWTEK BUSINESS SERVICES CORP.

NOTES TO STATEMENT OF ASSETS AND LIABILITIES

MARCH 31, 2014

ASSUMPTIONS AND SIGNIFICANT ACCOUNTING POLICIES

(the Company), a Maryland corporation, was formed in August 2013 for the purpose of providing business services, Inc. (Newtek NY), in the state of Maryland through merger of Newtek NY into the Company (Merger). The Company will assume all of the assets and liabilities of Newtek NY and in conjunction with the Merger, Newtek NY will be converted into shares of the Company and Newtek NY will cease to exist. The Merger is being completed in conjunction with the completion of a proposed public offering of additional shares of the stock of the Company. The Company is being formed to be regulated as a business development company (a BDC) under the Investment Company Act of 1940 (the Act), and intends to operate subsequently as an internally managed, non-diversified

The Company's investment objective will be substantially similar to Newtek NY's current investment objective to invest primarily in small business finance platform under the SBA 7(a) program and to a lesser extent in equity investments in unaffiliated operating businesses. The Company's investment objective also is to maximize its total return on investment, which may include the form of current income and, to a lesser extent, capital appreciation. As of March 31, 2014, the Company has no investments.

Accounting Policies

The Company's assets and liabilities has been prepared on the accrual basis of accounting in conformity with the accounting principles generally accepted in the United States of America (GAAP).

The Company will be treated as a regulated investment company (RIC) under subchapter M of the Internal Revenue Code to operate in a manner so as to qualify for the tax treatment applicable to RICs. In order to qualify as a RIC, the Company is required to timely distribute to its stockholders at least 90% of investment company income and capital gains, for each year. So long as the Company maintains its status as a RIC, it generally will not pay federal income taxes on any ordinary income or capital gains that it distributes at least annually to its stockholders. Therefore, any tax liability related to income earned by the Company represents obligations of the Company's stockholders and is not reflected in the financial statements of the Company.

The Company's valuation of assets and liabilities in conformity with GAAP requires management to make estimates and judgments regarding the amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

F-4

g other things, the cost of organizing as a Maryland corporation. These costs are expensed as
gust 23, 2013 (Inception) to March 31, 2014, the Company incurred organization costs of
ere incurred on behalf of the Company by Newtek NY and have been recorded as a contribution to

clude, among other things, legal fees, accounting fees and other costs pertaining to the preparation of
ement on Form N-2 and the Proxy Prospectus on Form N-14, with respect to the Merger and the
ommon shares. The Company has charged offering costs against additional paid in capital on the
. During the period from August 23, 2013 (Inception) to March 31, 2014, the Company had incurred
658,000, which were incurred on behalf of the Company by Newtek Business Services Inc. and
tion to capital and deferred offering costs (see Note 2).

TRANSACTIONS

s BDC Election, the Company has incurred since inception and through March 31, 2014
ization and offering costs. Newtek NY has paid for or accrued all of these costs and the Company
Newtek NY as paid in capital and the amount unpaid as of March 31, 2014 as accounts payable.

NTS

ent events through August 27, 2014, the date the statement of assets and liabilities was available for

Report of Independent Registered Public Accounting Firm

ing special purpose schedule of investments of Newtek Business Services Corp. (Newtek Corp.) as
purpose schedule of investments is the responsibility of Newtek Business Services, Inc. s (Newtek
holder of the investments. Our responsibility is to express an opinion on this special purpose schedule
t.

ance with the standards of the Public Company Accounting Oversight Board (United States). Those
d perform the audit to obtain reasonable assurance about whether the special purpose schedule of
isstatement. Newtek Inc. is not required to have, nor were we engaged to perform, an audit of its
orting. Our audit included consideration of Newtek Inc. s internal control over financial reporting as
ures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on
s internal control over financial reporting. Accordingly, we express no such opinion. An audit also
is, evidence supporting the amounts and disclosures in the special purpose schedule of investments,
es used and significant estimates made by management, as well as evaluating the overall
se schedule of investments. We believe that our audit provides a reasonable basis for our opinion.

se schedule of investments referred to above presents fairly, in all material respects, the investments
ss Services, Corp. as of March 31, 2014, in conformity with accounting principles generally
America.

F-6

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Transportation	Term Note	Prime plus 2.75%	3/31/2024	1,250.0	1,250.0	1,135.5	0.64%
Food, Drug, and Household Goods, Toy, Musical Instrument, and Book Stores	Term Note	Prime plus 2.75%	3/31/2039	449.0	449.0	437.6	0.25%
Specialty Trade Contractors	Term Note	Prime plus 2.75%	12/31/2028	141.2	141.2	140.2	0.08%
Assistance	Term Note	Prime plus 2.75%	3/31/2039	101.5	101.5	102.6	0.06%
Food and Beverage Stores	Term Note	Prime plus 2.75%	3/31/2039	117.5	117.5	102.3	0.06%
Services and Living Places	Term Note	Prime plus 2.75%	6/30/2024	164.3	164.3	139.8	0.08%
Assistance	Term Note	Prime plus 2.75%	3/31/2039	21.4	21.4	21.6	0.01%
Services and Living Places	Term Note	Prime plus 2.75%	3/28/2039	427.5	427.5	414.3	0.24%
Vehicle and Parts Dealers	Term Note	Prime plus 2.75%	7/28/2039	23.9	23.9	24.2	0.01%

Real Estate	Term Note	Prime plus 2.75%	3/27/2039	193.8	193.8	195.9	0.11%
Manufacturing, Printing, and Food Industries	Term Note	Prime plus 2.75%	3/27/2024	86.1	86.1	78.4	0.04%
Repair and Maintenance	Term Note	Prime plus 2.75%	3/26/2024	143.3	143.3	129.1	0.07%
Assistance	Term Note	Prime plus 2.75%	3/21/2039	145.0	145.0	134.5	0.07%

F-7

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Primary Metal Manufacturing	Term Note	Prime plus 2.75%	3/20/2039	497.5	497.5	503.1	0.29%
Food and Beverage Stores	Term Note	Prime plus 2.75%	3/20/2039	110.8	110.8	112.0	0.06%
Miscellaneous Store Retailers	Term Note	Prime plus 2.75%	3/18/2024	41.3	41.3	36.3	0.02%
Food Manufacturing	Term Note	Prime plus 2.75%	3/14/2029	447.3	447.3	444.2	0.26%
Financial Assistance	Term Note	Prime plus 2.75%	3/14/2039	408.0	408.0	408.6	0.24%
Food Manufacturing	Term Note	Prime plus 2.75%	3/14/2039	216.9	216.9	203.4	0.11%
Amusement, Gambling, and Recreation Industries	Term Note	Prime plus 2.75%	3/13/2039	223.5	223.5	226.0	0.13%
Gasoline Stations	Term Note	Prime plus 2.75%	3/7/2039	157.5	157.5	152.6	0.08%
Merchant Wholesalers, Durable Goods	Term Note	Prime plus 2.75%	3/6/2024	75.0	75.0	68.6	0.04%
Food and Beverage Stores	Term Note	Prime plus 2.75%	3/3/2039	135.6	135.6	124.1	0.07%
	Term Note		2/28/2024	350.6	350.6	318.0	0.18%

Beverage and Tobacco Product Manufacturing		Prime plus 2.75%					
Personal and Laundry Services	Term Note	Prime plus 2.75%	2/28/2039	211.0	211.0	197.3	0.11%
Personal and Laundry Services	Term Note	Prime plus 2.75%	2/28/2039	214.2	214.2	202.4	0.11%
Printing and Related Support Activities	Term Note	Prime plus 2.75%	2/28/2024	159.3	159.3	154.1	0.09%
Food and Beverage Stores	Term Note	Prime plus 2.75%	2/28/2039	417.5	417.5	396.1	0.22%

F-8

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Beverage and Tobacco Product Manufacturing	Term Note	Prime plus 2.75%	2/25/2024	712.3	712.3	700.3	0.40%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	2/12/2039	141.3	141.3	142.8	0.08%
Primary Metal Manufacturing	Term Note	Prime plus 2.75%	2/11/2024	280.0	280.0	231.8	0.13%
Miscellaneous Store Retailers	Term Note	Prime plus 2.75%	2/7/2024	83.2	83.2	69.1	0.04%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	2/7/2039	99.1	99.1	95.5	0.05%
Broadcasting (except Internet)	Term Note	Prime plus 2.75%	2/7/2024	907.8	907.8	730.4	0.42%
Specialty Trade Contractors	Term Note	Prime plus 2.75%	2/5/2024	46.8	46.8	46.0	0.03%
Construction of Buildings	Term Note	Prime plus 2.75%	1/28/2024	16.5	16.4	16.1	0.01%
Machinery Manufacturing	Term Note	Prime plus 2.75%	1/28/2024	132.2	132.2	129.9	0.07%
Insurance Carriers and Related Activities	Term Note	Prime plus 2.75%	1/27/2039	129.4	129.2	127.3	0.07%
Amusement, Gambling, and Recreation	Term Note	Prime plus 2.75%	1/24/2024	425.0	422.4	359.0	0.21%

Industries							
Merchant Wholesalers, Durable Goods	Term Note	Prime plus 2.75%	1/21/2024	140.3	139.4	118.8	0.07%
Miscellaneous Manufacturing	Term Note	Prime plus 2.75%	1/15/2024	21.8	21.6	21.2	0.01%
Construction of Buildings	Term Note	Prime plus 2.75%	12/31/2038	897.3	894.5	838.7	0.48%
Transit and Ground Passenger Transportation	Term Note	Prime plus 2.75%	9/30/2027	712.5	712.5	693.5	0.39%

F-9

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Administrative and Support Services	Term Note	Prime plus 2.75%	12/31/2023	18.7	18.7	15.1	0.01%
Building Material and Garden Equipment and Supplies Dealers	Term Note	Prime plus 2.75%	12/27/2038	322.5	321.6	297.5	0.16%
Food Manufacturing	Term Note	Prime plus 2.75%	12/27/2023	656.3	656.3	645.1	0.36%
Waste Management and Remediation Services	Term Note	Prime plus 2.75%	12/26/2023	240.5	237.5	225.2	0.12%
Merchant Wholesalers, Nondurable Goods	Term Note	Prime plus 2.75%	12/23/2028	190.0	188.7	181.9	0.10%
Motor Vehicle and Parts Dealers	Term Note	Prime plus 2.75%	12/20/2038	962.5	959.7	959.4	0.54%
Repair and Maintenance	Term Note	Prime plus 2.75%	12/20/2038	221.5	220.9	217.7	0.12%
Repair and Maintenance	Term Note	Prime plus 2.75%	12/20/2038	88.9	88.6	89.6	0.05%
Clothing and Clothing Accessories Stores	Term Note	Prime plus 2.75%	12/20/2023	581.3	569.4	559.7	0.31%

Performing Arts, Spectator Sports, and Related Industries	Term Note	Prime plus 2.75%	12/19/2023	14.4	14.2	12.5	0.01%
Specialty Trade Contractors	Term Note	Prime plus 2.75%	12/19/2038	555.2	553.6	527.9	0.29%
Personal and Laundry Services	Term Note	Prime plus 2.75%	12/18/2023	53.7	53.1	49.7	0.03%
Social Assistance	Term Note	Prime plus 2.75%	12/18/2038	405.0	403.9	383.3	0.21%
Sporting Goods, Tobacco, Musical Instrument, and Book Stores	Term Note	Prime plus 2.75%	12/13/2023	18.0	18.0	16.0	0.01%

F-10

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Repair and Maintenance	Term Note	Prime plus 2.75%	12/12/2038	196.7	196.2	193.7	0.11%
ambulatory Health Care Services	Term Note	Prime plus 2.75%	12/12/2023	87.5	86.4	76.2	0.04%
Waste Management Remediation Services	Term Note	Prime plus 2.75%	12/10/2038	418.1	416.9	421.6	0.23%
Truck Transportation	Term Note	Prime plus 2.75%	12/5/2038	138.7	138.3	139.9	0.08%
Specialty Trade Contractors	Term Note	Prime plus 2.75%	12/3/2038	104.2	103.9	93.3	0.05%
Specialty Trade Contractors	Term Note	Prime plus 2.75%	12/3/2023	545.7	538.9	469.1	0.26%
Specialty Trade Contractors	Term Note	Prime plus 2.75%	12/2/2023	387.2	382.5	331.0	0.18%
Miscellaneous Manufacturing	Term Note	Prime plus 2.75%	11/27/2023	67.2	66.0	54.2	0.03%
Transit and Ground Passenger Transportation	Term Note	Prime plus 2.75%	11/27/2038	76.5	76.2	74.2	0.04%
Professional, Scientific, and Technical	Term Note	Prime plus 2.75%	11/26/2023	162.6	162.6	153.1	0.08%

Services							
Broadcasting (except Internet)	Term Note	Prime plus 2.75%	11/26/2038	253.8	252.6	246.3	0.14%
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.5%	11/25/2023	125.0	122.6	99.6	0.06%
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	11/21/2023	15.8	15.4	12.1	0.01%
Amusement, Gambling, and Recreation Industries	Term Note	Prime plus 2.75%	11/18/2023	45.0	45.0	36.9	0.02%
Oil and Gas (except Land and Gas)	Term Note	Prime plus 2.75%	11/18/2038	1,250.0	1,244.6	1,097.3	0.61%

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Wholesale Electronic Markets and Agents and Brokers	Term Note	Prime plus 2.75%	11/15/2023	75.0	73.6	60.2	0.03%
Administrative and Support Services	Term Note	Prime plus 2.75%	11/15/2023	20.0	15.4	13.5	0.01%
Repair and Maintenance	Term Note	Prime plus 2.75%	11/15/2038	396.7	394.9	391.7	0.22%
Importing Goods, Hobby, Musical Instrument, and Book Stores	Term Note	Prime plus 2.75%	11/14/2023	8.3	8.2	6.4	0.00%
Couriers and Messengers	Term Note	Prime plus 2.75%	11/13/2023	56.5	55.4	43.6	0.02%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	11/6/2038	62.5	62.5	63.2	0.03%
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	10/31/2038	596.6	593.1	540.4	0.30%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	10/31/2038	212.5	211.3	207.5	0.11%
Administrative and Support Services	Term Note	Prime plus 2.75%	10/31/2023	50.0	49.4	44.2	0.02%
Financial Assistance	Term Note		10/31/2023	42.8	42.1	39.9	0.02%

Prime plus
2.75%

Accommodation	Term Note	Prime plus 2.75%	10/31/2038	945.0	940.4	885.0	0.49%
Specialty Trade Contractors	Term Note	Prime plus 2.75%	10/31/2038	137.5	136.7	133.5	0.07%
Motion Picture and Sound Recording Industries	Term Note	Prime plus 2.75%	10/29/2023	19.5	19.0	16.4	0.01%
Accommodation	Term Note	Prime plus 2.75%	10/29/2038	586.7	584.1	590.5	0.33%
Administrative and Support Services	Term Note	Prime plus 2.75%	10/29/2023	8.8	8.6	6.8	0.00%

F-12

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Repair and Maintenance	Term Note	Prime plus 2.75%	10/29/2023	331.3	323.0	270.6	0.15%
Repair and Maintenance	Term Note	Prime plus 2.75%	10/24/2023	240.1	235.6	223.0	0.12%
Specialty Trade Contractors	Term Note	Prime plus 2.75%	10/24/2038	246.3	244.8	228.6	0.13%
Health and Personal Care Stores	Term Note	Prime plus 2.75%	10/18/2023	25.7	25.1	22.6	0.01%
Repair and Maintenance	Term Note	Prime plus 2.75%	10/18/2023	87.5	85.3	72.3	0.04%
Motor Vehicle and Parts Dealers	Term Note	Prime plus 2.75%	9/30/2038	223.7	222.1	210.4	0.12%
Food Manufacturing	Term Note	Prime plus 2.75%	9/30/2038	312.5	311.1	302.8	0.17%
Warehousing and Storage	Term Note	Prime plus 2.75%	9/30/2038	344.5	342.7	341.8	0.19%
Insurance Carriers and Related Activities	Term Note	Prime plus 2.75%	9/30/2023	117.8	114.1	89.7	0.05%
Plastics and Rubber Products Manufacturing	Term Note	Prime plus 2.75%	9/30/2038	322.7	322.1	310.3	0.17%

Plastics and Rubber Products Manufacturing	Term Note	Prime plus 2.75%	9/30/2038	120.0	119.6	120.9	0.07%
--	-----------	---------------------	-----------	-------	-------	-------	-------

F-13

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Social Assistance	Term Note	Prime plus 2.75%	9/30/2038	97.6	96.9	89.2	0.05%
Gasoline Stations	Term Note	Prime plus 2.75%	9/30/2038	676.3	673.1	613.8	0.34%
Merchant Wholesalers, Durable Goods	Term Note	Prime plus 2.75%	9/30/2023	1,050.0	1,017.3	1,000.0	0.55%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	9/27/2038	335.1	332.6	320.0	0.18%
Gasoline Stations	Term Note	Prime plus 2.75%	9/27/2038	757.5	752.0	708.1	0.39%
Real Estate	Term Note	Prime plus 2.75%	8/27/2028	405.7	398.9	396.2	0.22%
Administrative and Support Services	Term Note	Prime plus 2.75%	9/27/2023	62.5	61.3	60.3	0.03%
Amusement, Gambling, and Recreation Industries	Term Note	Prime plus 2.75%	9/26/2038	51.3	50.9	51.4	0.03%
Personal and Laundry Services	Term Note	Prime plus 2.75%	9/26/2038	100.0	99.4	100.5	0.06%
	Term Note		9/26/2038	463.8	460.3	465.4	0.26%

Amusement, Gaming, and Recreation Industries		Prime plus 2.75%					
Repair and Maintenance	Term Note	Prime plus 2.75%	9/26/2023	15.0	14.5	11.8	0.01%
Amusement, Gaming, and Recreation Industries	Term Note	Prime plus 2.75%	9/26/2023	262.5	262.5	238.5	0.13%
Social Assistance	Term Note	Prime plus 2.75%	9/25/2038	23.9	23.9	24.1	0.01%
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	9/25/2023	14.2	13.8	10.9	0.01%

F-14

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Educational Services	Term Note	Prime plus 2.75%	9/20/2023	46.2	45.0	37.3	0.02%
Personal and Laundry Services	Term Note	Prime plus 2.75%	9/20/2038	268.4	266.4	256.3	0.14%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	9/19/2038	112.3	111.5	104.3	0.06%
Miscellaneous Store Retailers	Term Note	Prime plus 2.75%	9/18/2023	16.1	15.7	13.4	0.01%
Educational Services	Term Note	Prime plus 2.75%	9/13/2023	156.3	151.4	126.1	0.07%
Amusement, Gambling, and Recreation Industries	Term Note	Prime plus 2.75%	9/12/2023	421.3	421.0	350.8	0.19%
Fabricated Metal Product Manufacturing	Term Note	Prime plus 2.75%	9/12/2028	54.8	53.8	48.8	0.03%
Educational Services	Term Note	Prime plus 2.75%	9/11/2038	124.3	123.3	119.7	0.07%
Social Assistance	Term Note	Prime plus 2.75%	9/11/2038	39.5	39.2	39.6	0.02%
Personal and Laundry Services	Term Note	Prime plus 2.75%	9/10/2023	53.4	52.4	41.8	0.02%
Personal and Laundry Services	Term Note	Prime plus 2.75%	9/4/2038	224.2	222.6	210.6	0.12%

Broadcasting (except Internet)	Term Note	Prime plus 2.75%	8/30/2023	187.5	180.5	176.2	0.10%
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	8/30/2023	687.5	661.6	568.7	0.31%
Heavy and Civil Engineering Construction	Term Note	Prime plus 2.75%	8/30/2023	906.3	870.3	784.6	0.43%
Machinery Manufacturing	Term Note	Prime plus 2.75%	8/30/2023	130.3	125.4	116.5	0.06%

F-15

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Financial Assistance	Term Note	Prime plus 2.75%	8/30/2023	43.3	41.6	38.3	0.02%
Broadcasting (except Internet)	Term Note	Prime plus 2.75%	8/28/2023	784.0	754.6	612.1	0.34%
Merchant Wholesalers, Durable Goods	Term Note	Prime plus 2.75%	8/28/2023	187.5	180.5	141.9	0.08%
Nonstore Retailers	Term Note	Prime plus 2.75%	8/26/2023	85.8	82.7	81.3	0.04%
Personal and Laundry Services	Term Note	Prime plus 2.75%	8/16/2023	19.5	18.8	15.9	0.01%
Clothing and Clothing Accessories Stores	Term Note	Prime plus 2.75%	8/15/2023	65.0	62.1	58.9	0.03%
Miscellaneous Manufacturing	Term Note	Prime plus 2.75%	8/14/2038	445.0	441.1	397.2	0.22%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	8/12/2023	22.5	21.8	17.9	0.01%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	8/5/2023	45.0	43.3	36.2	0.02%
Food Services and Drinking	Term Note	Prime plus 2.75%	7/31/2023	175.0	169.5	138.3	0.08%

Places							
Insurance Carriers and Related Activities	Term Note	Prime plus 2.75%	7/29/2038	83.9	83.0	80.2	0.04%
Specialty Trade Contractors	Term Note	Prime plus 2.75%	7/26/2038	190.0	188.0	176.7	0.10%
Amusement, Gambling, and Recreation Industries	Term Note	Prime plus 2.75%	7/24/2023	11.3	10.8	10.6	0.01%

F-16

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Food Services and Drinking Places	Term Note	Prime plus 2.75%	7/19/2038	93.0	92.0	90.6	0.05%
Specialty Trade Contractors	Term Note	Prime plus 2.75%	7/19/2023	87.8	83.9	78.3	0.04%
Specialty Trade Contractors	Term Note	Prime plus 2.75%	7/19/2038	92.1	91.3	87.3	0.05%
Truck Transportation	Term Note	Prime plus 2.75%	7/17/2023	53.7	51.4	40.4	0.02%
Personal and Laundry Services	Term Note	Prime plus 2.75%	6/28/2038	121.0	119.6	120.9	0.07%
Miscellaneous Manufacturing	Term Note	Prime plus 2.75%	6/28/2023	153.5	146.0	143.6	0.08%
Personal and Laundry Services	Term Note	Prime plus 2.75%	6/28/2038	97.5	96.3	97.4	0.05%
Truck Transportation	Term Note	Prime plus 2.75%	6/28/2025	748.8	742.3	666.5	0.37%
Specialty Trade Contractors	Term Note	Prime plus 2.75%	6/27/2023	72.0	68.7	57.2	0.03%
Plastics and Paper Products Manufacturing	Term Note	Prime plus 2.75%	6/21/2023	851.8	814.3	715.0	0.40%

Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	6/20/2023	11.6	11.0	8.6	0.00%
Truck Transportation	Term Note	Prime plus 2.75%	6/19/2026	1,250.0	1,110.8	1,076.9	0.60%
Utility and Civil Engineering Construction	Term Note	Prime plus 2.75%	6/18/2028	875.0	850.3	844.4	0.47%
Securities, Commodity Contracts, and Other Financial Investments and Related Activities	Term Note	Prime plus 2.75%	6/14/2023	343.8	326.5	265.5	0.15%

F-17

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Fabricated Metal Product Manufacturing	Term Note	Prime plus 2.75%	6/12/2038	932.8	921.6	931.1	0.52%
Merchant Wholesalers, Durable Goods	Term Note	6.00%	6/10/2036	191.0	161.8	163.1	0.09%
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	6/6/2023	9.6	9.0	7.1	0.00%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	6/5/2038	188.3	186.0	170.8	0.09%
Administrative and Support Services	Term Note	Prime plus 2.75%	6/5/2038	186.3	184.1	178.7	0.10%
Health and Personal Care Stores	Term Note	Prime plus 2.75%	5/30/2023	186.3	176.5	138.8	0.08%
Rental and Leasing Services	Term Note	Prime plus 2.75%	5/31/2023	440.7	416.5	383.6	0.21%
Repair and Maintenance	Term Note	Prime plus 2.75%	5/31/2023	300.0	282.1	231.6	0.13%
Plastics and Rubber Products Manufacturing	Term Note	Prime plus 2.75%	5/31/2023	162.0	157.9	150.9	0.08%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	5/28/2023	63.5	60.0	53.3	0.03%

Insurance Carriers and Related Activities	Term Note	Prime plus 2.75%	5/24/2023	68.8	63.3	49.8	0.03%
Insurance Carriers and Related Activities	Term Note	Prime plus 2.75%	5/20/2023	17.1	16.1	12.7	0.01%
Transportation Equipment Manufacturing	Term Note	Prime plus 2.75%	5/15/2023	116.3	110.3	95.8	0.05%
Construction of Buildings	Term Note	Prime plus 2.75%	5/13/2038	127.2	125.6	127.0	0.07%

F-18

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Food Manufacturing	Term Note	Prime plus 2.75%	4/30/2023	100.0	93.6	75.0	0.04%
Repair and Maintenance	Term Note	Prime plus 2.75%	4/30/2038	550.0	541.8	510.4	0.28%
Food Manufacturing	Term Note	Prime plus 2.75%	4/30/2030	1,248.8	1,236.3	1,071.0	0.59%
Food Manufacturing	Term Note	Prime plus 2.75%	4/26/2023	230.0	215.5	194.0	0.11%
Educational Services	Term Note	Prime plus 2.75%	4/22/2023	78.8	74.7	62.9	0.03%
Educational Services	Term Note	Prime plus 2.75%	4/18/2038	151.0	148.8	150.4	0.08%
Other Information Services	Term Note	Prime plus 2.75%	4/10/2023	14.2	13.3	10.3	0.01%
Food Manufacturing	Term Note	Prime plus 2.75%	3/29/2038	336.0	330.5	299.7	0.17%
Miscellaneous Retailers	Term Note	Prime plus 2.75%	3/29/2038	124.6	122.6	113.9	0.06%
Merchant Wholesalers, Durable Goods	Term Note	Prime plus 2.75%	3/29/2038	500.0	490.2	498.0	0.28%

Performing Arts, Entertainment, and Related Industries	Term Note	Prime plus 2.75%	3/28/2038	177.5	175.9	179.3	0.10%
Printing and Related Support Activities	Term Note	Prime plus 2.75%	3/27/2023	17.2	16.1	14.5	0.01%
Nonmetallic Mineral Product Manufacturing	Term Note	Prime plus 2.75%	3/27/2023	217.5	202.4	194.3	0.11%
Telephone Stations	Term Note	Prime plus 2.75%	3/27/2038	330.3	324.8	316.9	0.18%
Paper Manufacturing	Term Note	Prime plus 2.75%	3/27/2028	271.7	261.2	261.4	0.14%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	3/25/2038	537.5	528.7	498.8	0.28%

F-19

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Miscellaneous Store Retailers	Term Note	Prime plus 2.75%	3/22/2038	67.5	66.4	64.8	0.04%
Merchant Wholesalers, Nondurable Goods	Term Note	Prime plus 2.75%	3/21/2023	288.7	268.3	248.4	0.14%
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	3/21/2023	79.5	74.0	59.5	0.03%
Electrical Equipment, Appliance, and Component Manufacturing	Term Note	Prime plus 2.75%	3/20/2023	181.3	168.6	167.1	0.09%
Fabricated Metal Product Manufacturing	Term Note	Prime plus 2.75%	3/19/2028	150.2	144.4	144.5	0.08%
Waste Management and Remediation Services	Term Note	Prime plus 2.75%	3/18/2023	56.3	52.4	50.3	0.03%
Food Manufacturing	Term Note	Prime plus 2.75%	3/15/2038	129.3	127.2	129.6	0.07%
Fabricated Metal Product Manufacturing	Term Note	Prime plus 2.75%	3/15/2023	523.0	486.6	430.0	0.24%
Ambulatory Health Care	Term Note	Prime plus	3/14/2038	618.7	608.6	562.3	0.31%

Services		2.75%					
Accommodation	Term Note	Prime plus 2.75%	3/12/2038	115.0	113.1	109.7	0.06%
Personal and Laundry Services	Term Note	Prime plus 2.75%	3/8/2038	73.8	72.5	73.9	0.04%
Amusement, Gambling, and Recreation Industries	Term Note	Prime plus 2.75%	2/28/2038	475.2	466.6	447.3	0.25%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	2/28/2023	103.8	96.6	74.6	0.04%
Real Estate	Term Note	Prime plus 2.75%	2/20/2023	21.8	20.1	15.5	0.01%

F-20

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Machinery Manufacturing	Term Note	Prime plus 2.75%	2/20/2038	86.3	84.7	82.3	0.05%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	2/19/2038	51.0	50.2	49.0	0.03%
Administrative and Support Services	Term Note	Prime plus 2.75%	2/15/2038	425.0	416.6	411.1	0.23%
Printing and related Support Activities	Term Note	Prime plus 2.75%	2/15/2038	106.2	104.4	101.7	0.06%
Merchant Wholesalers, Durable Goods	Term Note	Prime plus 2.75%	2/12/2023	84.9	77.5	59.9	0.03%
Textile Mills	Term Note	Prime plus 2.75%	2/11/2038	125.0	122.8	125.1	0.07%
Transit and Ground Passenger Transportation	Term Note	Prime plus 2.75%	2/6/2023	15.0	13.9	13.7	0.01%
Social Assistance	Term Note	Prime plus 2.75%	1/31/2038	258.3	253.3	239.6	0.13%
Support Activities for Transportation	Term Note	Prime plus 2.75%	1/31/2023	145.0	133.1	112.4	0.06%
Professional, Scientific, and	Term Note	Prime plus	1/31/2023	131.3	95.2	94.3	0.05%

Technical Services		2.75%					
Food Services and Drinking Places	Term Note	Prime plus 2.75%	1/28/2038	440.5	433.7	412.2	0.23%
Merchant Wholesalers, Durable Goods	Term Note	Prime plus 2.75%	12/31/2028	271.5	259.2	221.6	0.12%
Specialty Trade Contractors	Term Note	Prime plus 2.75%	12/31/2022	97.5	88.9	69.7	0.04%
Food Manufacturing	Term Note	Prime plus 2.75%	12/31/2037	500.0	491.7	501.1	0.28%

F-21

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Merchant Wholesalers, Nondurable Goods	Term Note	Prime plus 2.75%	12/28/2022	513.7	468.4	455.1	0.25%
Accommodation	Term Note	Prime plus 2.75%	12/28/2022	132.9	121.4	118.3	0.07%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	12/28/2022	49.8	45.4	40.2	0.02%
Fabricated Metal Product Manufacturing	Term Note	Prime plus 2.75%	12/28/2037	205.5	201.2	201.5	0.11%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	12/28/2022	46.3	42.1	32.5	0.02%
Merchant Wholesalers, Durable Goods	Term Note	Prime plus 2.75%	12/27/2022	166.8	152.0	150.6	0.08%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	12/27/2037	517.5	508.2	517.9	0.29%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	12/21/2022	66.2	60.1	51.2	0.03%
Administrative and Support Services	Term Note	Prime plus 2.75%	12/20/2027	389.6	370.2	310.0	0.17%
Fabricated Metal Product	Term Note	Prime plus	12/20/2022	225.0	205.8	180.4	0.10%

Manufacturing		2.75%					
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	12/17/2022	22.5	20.5	20.3	0.01%
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	12/11/2022	42.5	38.4	38.1	0.02%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	12/11/2022	127.1	115.8	94.9	0.05%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	11/30/2037	286.5	280.2	274.2	0.15%

F-22

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	11/30/2022	387.5	350.8	270.9	0.15%
Social Assistance	Term Note	Prime plus 2.75%	11/30/2037	136.5	133.7	114.2	0.06%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	5/29/2023	400.0	385.1	342.8	0.19%
Nonstore Retailers	Term Note	Prime plus 2.75%	11/29/2037	153.9	150.4	145.1	0.08%
Support Activities for Agriculture and Forestry	Term Note	Prime plus 2.75%	11/28/2037	223.8	218.7	219.2	0.12%
Food and Beverage Stores	Term Note	Prime plus 2.75%	11/27/2037	185.2	181.3	176.4	0.10%
Miscellaneous Store Retailers	Term Note	Prime plus 2.75%	11/27/2022	9.7	8.8	6.8	0.00%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	11/26/2022	65.0	57.6	57.1	0.03%
Repair and Maintenance	Term Note	Prime plus 2.75%	11/21/2022	17.0	15.3	13.0	0.01%

Edgar Filing: BEMIS CO INC - Form 424B2

Gasoline Stations	Term Note	Prime plus 2.75%	11/21/2037	96.2	94.1	95.9	0.05%
Fabricated Metal Product Manufacturing	Term Note	Prime plus 2.75%	11/21/2022	275.0	249.7	219.6	0.12%
Gasoline Stations	Term Note	Prime plus 2.75%	11/20/2037	180.0	175.9	173.6	0.10%
Food and Beverage Stores	Term Note	Prime plus 2.75%	11/19/2037	68.8	67.2	65.3	0.04%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	11/19/2022	21.0	19.0	18.8	0.01%

F-23

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Printing and related Support Activities	Term Note	Prime plus 2.75%	11/9/2022	22.2	20.1	16.7	0.01%
Machinery Manufacturing	Term Note	Prime plus 2.75%	11/2/2037	265.9	260.0	234.7	0.13%
Amusement, Gambling, and Recreation Industries	Term Note	Prime plus 2.75%	10/26/2022	180.0	165.5	127.8	0.07%
Amusement, Gambling, and Recreation Industries	Term Note	Prime plus 2.75%	10/19/2022	59.8	53.6	53.1	0.03%
Amusement, Gambling, and Recreation Industries	Term Note	Prime plus 2.75%	9/28/2022	180.0	165.5	153.7	0.09%
Specialty Trade Contractors	Term Note	Prime plus 2.75%	9/28/2028	323.0	305.2	270.0	0.15%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	9/28/2037	677.5	662.1	674.7	0.37%
Securities, Commodity Contracts, and Other Financial Investments and Related	Term Note	Prime plus 2.75%	9/28/2022	258.8	230.8	178.3	0.10%

Activities							
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	9/28/2022	80.0	43.3	34.7	0.02%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	9/27/2027	122.9	115.8	98.3	0.05%
Personal and Laundry Services	Term Note	Prime plus 2.75%	9/27/2022	76.0	67.7	67.1	0.04%
Food and Beverage Stores	Term Note	Prime plus 2.75%	9/26/2037	183.7	180.4	172.2	0.10%
Plastics and Rubber Products Manufacturing	Term Note	Prime plus 2.75%	9/26/2022	743.9	684.7	670.0	0.37%

F-24

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Food Services and Drinking Places	Term Note	Prime plus 2.75%	9/21/2037	252.3	245.8	232.0	0.13%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	9/19/2037	65.5	63.8	59.3	0.03%
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	9/13/2022	250.0	223.0	172.2	0.10%
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	9/12/2022	19.5	17.4	13.5	0.01%
Miscellaneous Manufacturing	Term Note	Prime plus 2.75%	9/4/2025	720.8	667.9	597.4	0.33%
Merchant Wholesalers, Nondurable Goods	Term Note	Prime plus 2.75%	8/31/2037	367.5	357.5	364.3	0.20%
Merchant Wholesalers, Nondurable Goods	Term Note	Prime plus 2.75%	8/31/2022	155.0	137.0	135.8	0.08%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	8/31/2022	470.0	420.5	332.0	0.18%
Truck Transportation	Term Note	Prime plus	8/27/2022	16.5	14.7	14.3	0.01%

		2.75%					
Repair and Maintenance	Term Note	Prime plus 2.75%	8/23/2037	285.6	277.9	248.2	0.14%
Furniture and Related Product Manufacturing	Term Note	Prime plus 2.75%	8/17/2037	360.0	350.2	355.2	0.20%
Transit and Ground Passenger Transportation	Term Note	Prime plus 2.75%	8/3/2022	185.0	164.6	145.7	0.08%
Insurance Carriers and Related Activities	Term Note	Prime plus 2.75%	7/27/2022	107.3	94.1	87.7	0.05%
Specialty Trade Contractors	Term Note	Prime plus 2.75%	7/27/2022	15.0	13.0	11.7	0.01%

F-25

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Specialty Trade Contractors	Term Note	Prime plus 2.75%	7/25/2022	50.0	45.7	43.9	0.02%
Transportation Equipment Manufacturing	Term Note	Prime plus 2.75%	6/29/2024	129.5	116.5	102.7	0.06%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	6/29/2022	1,166.7	1,056.3	969.6	0.54%
Repair and Maintenance	Term Note	Prime plus 2.75%	6/29/2037	288.5	279.5	265.1	0.15%
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	6/28/2022	194.0	169.7	168.2	0.09%
Repair and Maintenance	Term Note	Prime plus 2.75%	6/27/2037	69.8	67.6	66.2	0.04%
Fabricated Metal Product Manufacturing	Term Note	Prime plus 2.75%	6/22/2026	521.2	483.3	420.5	0.23%
Educational Services	Term Note	Prime plus 2.75%	6/15/2022	50.0	43.1	33.6	0.02%
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	6/14/2022	20.3	17.6	13.6	0.01%
	Term Note		6/14/2037	220.5	213.6	217.7	0.12%

Merchant Wholesalers, Durable Goods		Prime plus 2.75%					
Motion Picture and Sound Recording Industries	Term Note	Prime plus 2.75%	6/13/2022	127.5	111.1	100.9	0.06%
Motion Picture and Sound Recording Industries	Term Note	Prime plus 2.75%	5/30/2022	137.0	118.4	105.9	0.06%
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	5/31/2030	154.9	145.9	137.8	0.08%
Performing Arts, Spectator Sports, and Related Industries	Term Note	Prime plus 2.75%	5/31/2022	47.9	37.0	36.7	0.02%

F-26

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Food Services and Drinking Places	Term Note	Prime plus 2.75%	5/31/2037	121.3	117.6	115.1	0.06%
Motor Vehicle and Parts Dealers	Term Note	Prime plus 2.75%	5/31/2037	62.9	60.8	58.9	0.03%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	5/17/2037	284.0	274.7	274.3	0.15%
Performing Arts, Spectator Sports, and Related Industries	Term Note	Prime plus 2.75%	5/10/2022	22.5	19.5	15.0	0.01%
Specialty Trade Contractors	Term Note	Prime plus 2.75%	5/9/2037	131.8	127.9	122.5	0.07%
Truck Transportation	Term Note	Prime plus 2.75%	5/7/2037	588.1	570.4	530.8	0.29%
Truck Transportation	Term Note	Prime plus 2.75%	5/7/2022	528.7	467.6	427.7	0.24%
Gasoline Stations	Term Note	Prime plus 2.75%	5/3/2037	381.3	368.8	375.8	0.21%
Broadcasting (except Internet)	Term Note	Prime plus 2.75%	4/30/2022	125.0	107.7	106.7	0.06%
Ambulatory Health Care Services	Term Note	Prime plus	4/27/2022	8.2	7.1	6.5	0.00%

		2.75%					
Printing and Related Support Activities	Term Note	Prime plus 2.75%	4/25/2022	228.8	199.0	169.5	0.09%
Wholesale Retailers	Term Note	Prime plus 2.75%	4/12/2022	558.2	483.7	448.8	0.25%
Educational Services	Term Note	Prime plus 2.75%	4/5/2022	19.5	15.5	14.3	0.01%
Administrative and Support Services	Term Note	Prime plus 2.75%	3/30/2022	187.5	159.6	132.3	0.07%

F-27

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Amusement, Gambling, and Recreation Industries	Term Note	Prime plus 2.75%	3/30/2031	231.5	218.3	220.6	0.12%
Printing and Related Support Activities	Term Note	Prime plus 2.75%	3/30/2022	466.2	396.3	352.4	0.19%
Amusement, Gambling, and Recreation Industries	Term Note	Prime plus 2.75%	3/29/2037	755.4	735.0	751.7	0.42%
Specialty Trade Contractors	Term Note	Prime plus 2.75%	3/23/2028	103.7	95.8	85.6	0.05%
Publishing Industries (except Internet)	Term Note	Prime plus 2.75%	3/22/2027	1,178.8	1,080.9	1,002.5	0.55%
Insurance Carriers and Related Activities	Term Note	Prime plus 2.75%	3/2/2022	451.3	371.2	313.7	0.17%
Amusement, Gambling, and Recreation Industries	Term Note	Prime plus 2.75%	2/28/2022	10.2	8.6	8.2	0.00%
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	2/10/2037	85.0	81.8	81.7	0.05%
	Term Note		1/24/2032	141.3	134.5	133.7	0.07%

Food Services and Drinking Places		Prime plus 2.75%					
Air Transportation	Term Note	Prime plus 2.75%	12/28/2026	852.8	781.2	742.5	0.41%
Furniture and Home Furnishings Stores	Term Note	Prime plus 2.75%	12/22/2036	495.0	476.9	487.7	0.27%
Electrical Equipment, Appliance, and Component Manufacturing	Term Note	Prime plus 2.75%	12/20/2021	312.5	258.5	214.4	0.12%
Personal and Laundry Services	Term Note	Prime plus 2.75%	12/20/2021	73.6	61.1	50.7	0.03%

F-28

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Fabricated Metal Product Manufacturing	Term Note	Prime plus 2.75%	12/16/2021	250.0	207.4	205.4	0.11%
Merchant Wholesalers, Nondurable Goods	Term Note	Prime plus 2.75%	12/15/2021	238.2	190.5	172.2	0.10%
Rental and Leasing Services	Term Note	Prime plus 2.75%	12/15/2021	130.8	108.4	105.3	0.06%
Fabricated Metal Product Manufacturing	Term Note	Prime plus 2.75%	12/15/2036	727.5	698.2	714.1	0.39%
Fabricated Metal Product Manufacturing	Term Note	Prime plus 2.75%	12/15/2036	522.5	501.5	512.9	0.28%
Truck Transportation	Term Note	Prime plus 2.75%	12/8/2021	515.5	423.0	403.1	0.22%
Electrical Equipment, Appliance, and Component Manufacturing	Term Note	Prime plus 2.75%	11/30/2025	165.8	148.8	143.4	0.08%
Textile Product Mills	Term Note	Prime plus 2.75%	11/21/2021	337.5	300.3	297.4	0.16%
Fabricated Metal Product	Term Note	Prime plus	11/18/2026	192.5	174.7	160.2	0.09%

Manufacturing		2.75%					
Specialty Trade Contractors	Term Note	Prime plus 2.75%	11/16/2021	62.5	51.6	50.6	0.03%
Food Manufacturing	Term Note	Prime plus 2.75%	11/10/2021	137.5	113.2	96.3	0.05%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	10/26/2021	312.5	251.1	211.6	0.12%
Publishing Industries (except Internet)	Term Note	Prime plus 2.75%	10/26/2021	58.7	48.0	40.8	0.02%

F-29

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Gasoline Stations	Term Note	Prime plus 2.75%	10/25/2036	938.3	896.6	896.4	0.50%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	10/25/2021	22.5	18.4	18.2	0.01%
Transportation Equipment Manufacturing	Term Note	Prime plus 2.75%	9/30/2021	1,041.4	854.5	759.7	0.42%
Merchant Wholesalers, Durable Goods	Term Note	Prime plus 2.75%	9/30/2021	302.5	242.5	233.3	0.13%
Food and Beverage Stores	Term Note	Prime plus 2.75%	9/30/2036	137.5	131.2	131.8	0.07%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	9/30/2036	28.5	27.1	27.7	0.02%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	9/30/2036	83.3	79.4	81.1	0.04%
Amusement, Gambling, and Recreation Industries	Term Note	Prime plus 2.75%	9/28/2021	1,070.0	863.1	715.8	0.40%
Plastics and Rubber Products Manufacturing	Term Note	Prime plus 2.75%	9/28/2036	422.6	403.5	412.6	0.23%
Securities, Commodity	Term Note	Prime plus	9/26/2021	62.5	50.6	43.9	0.02%

Contracts, and Other Financial Investments and Related Activities		2.75%					
Performing Arts, Spectator Sports, and Related Industries	Term Note	Prime plus 2.75%	9/8/2021	400.0	225.1	186.7	0.10%
Specialty Trade Contractors	Term Note	Prime plus 2.75%	9/7/2021	18.0	14.6	12.1	0.01%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	8/30/2036	16.4	15.7	15.4	0.01%

F-30

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Printing and Related Support Activities	Term Note	Prime plus 2.75%	8/31/2021	575.0	465.0	446.1	0.25%
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	8/31/2021	806.2	638.9	611.3	0.34%
Miscellaneous Store Retailers	Term Note	Prime plus 2.75%	8/19/2036	133.6	127.2	125.9	0.07%
Plastics and Rubber Products Manufacturing	Term Note	Prime plus 2.75%	8/19/2021	187.5	142.0	140.6	0.08%
Repair and Maintenance	Term Note	Prime plus 2.75%	8/12/2036	101.0	96.2	97.9	0.05%
Performing Arts, Spectator Sports, and Related Industries	Term Note	Prime plus 2.75%	8/12/2036	91.5	87.1	85.0	0.05%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	8/3/2036	77.5	73.3	75.0	0.04%
Merchant Wholesalers, Durable Goods	Term Note	Prime plus 2.75%	7/29/2021	17.5	10.5	10.3	0.01%
Amusement, Gambling, and Recreation Industries	Term Note	Prime plus 2.75%	6/30/2036	248.5	235.9	228.6	0.13%
Social Assistance	Term Note		6/29/2036	160.5	153.0	145.3	0.08%

		Prime plus 2.75%					
Securities, Commodity Contracts, and Other Financial Investments and Related Activities	Term Note	Prime plus 2.75%	6/29/2036	44.8	42.7	43.1	0.02%
Amusement, Gambling, and Recreation Industries	Term Note	Prime plus 2.75%	6/29/2036	338.1	326.7	334.1	0.18%
Specialty Trade Contractors	Term Note	Prime plus 2.75%	6/22/2036	275.0	258.5	252.8	0.14%
Securities, Commodity Contracts, and Other Financial Investments and Related Activities	Term Note	Prime plus 2.75%	6/22/2021	250.0	197.1	163.5	0.09%

F-31

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Specialty Trade Contractors	Term Note	Prime plus 2.75%	6/22/2036	60.5	54.3	53.4	0.03%
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	6/17/2021	426.0	336.8	333.4	0.18%
Merchant Wholesalers, Nondurable Goods	Term Note	Prime plus 2.75%	6/15/2036	184.8	175.6	174.0	0.10%
Merchant Wholesalers, Durable Goods	Term Note	Prime plus 2.75%	6/13/2036	256.1	243.2	232.6	0.13%
Repair and Maintenance	Term Note	Prime plus 2.75%	6/10/2021	28.6	22.8	22.6	0.01%
Amusement, Gambling, and Recreation Industries	Term Note	Prime plus 2.75%	6/8/2036	449.3	427.9	424.1	0.23%
Merchant Wholesalers, Nondurable Goods	Term Note	Prime plus 2.75%	6/3/2021	65.5	50.1	42.0	0.02%
Printing and Related Support Activities	Term Note	Prime plus 2.75%	5/31/2021	7.5	5.9	5.3	0.00%
Printing and Related Support Activities	Term Note	Prime plus 2.75%	5/27/2021	16.5	13.0	12.8	0.01%
	Term Note		5/25/2021	212.5	165.6	150.6	0.08%

Furniture and Home Furnishings Stores		Prime plus 2.75%					
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	5/13/2021	413.8	326.8	275.3	0.15%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	4/26/2021	46.0	35.6	29.5	0.02%
Beverage and Tobacco Product Manufacturing	Term Note	Prime plus 2.75%	4/25/2036	138.1	130.4	133.4	0.07%
Repair and Maintenance	Term Note	Prime plus 2.75%	4/20/2036	127.5	120.6	122.9	0.07%

F-32

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Nonstore Retailers	Term Note	Prime plus 2.75%	4/18/2036	129.5	122.5	125.2	0.07%
Specialty Trade Contractors	Term Note	Prime plus 2.75%	4/13/2036	170.0	160.5	158.8	0.09%
Rental and Leasing Services	Term Note	Prime plus 2.75%	4/4/2021	625.0	482.7	476.8	0.26%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	3/30/2021	3.8	2.9	2.8	0.00%
Repair and Maintenance	Term Note	Prime plus 2.75%	3/30/2036	292.2	275.8	276.8	0.15%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	3/29/2023	93.0	75.9	73.6	0.04%
Repair and Maintenance	Term Note	Prime plus 2.75%	3/24/2036	15.5	14.6	15.1	0.01%
Personal and Laundry Services	Term Note	Prime plus 2.75%	3/21/2021	57.3	43.9	39.3	0.02%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	3/11/2021	10.0	7.5	7.4	0.00%
Repair and Maintenance	Term Note	Prime plus 2.75%	3/11/2036	19.6	18.6	19.2	0.01%

Food and Beverage Stores	Term Note	Prime plus 2.75%	3/10/2021	153.0	117.3	107.0	0.06%
Food and Beverage Stores	Term Note	Prime plus 2.75%	2/28/2021	75.1	56.9	51.1	0.03%
Educational Services	Term Note	Prime plus 2.75%	2/28/2026	27.5	21.7	19.7	0.01%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	2/25/2023	63.0	51.1	50.9	0.03%
Printing and Related Support Activities	Term Note	Prime plus 2.75%	2/15/2021	200.0	151.5	149.9	0.08%
s Food Services and Drinking Places	Term Note	Prime plus 2.75%	2/11/2036	61.0	57.7	58.8	0.03%

F-33

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Special Assistance	Term Note	Prime plus 2.75%	1/31/2036	31.1	29.2	30.1	0.02%
Support Activities for Transportation	Term Note	Prime plus 2.75%	1/28/2036	113.4	106.6	109.7	0.06%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	1/28/2021	12.5	9.4	8.4	0.00%
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	1/24/2021	100.8	77.4	69.3	0.04%
Motor Vehicle and Parts Dealers	Term Note	Prime plus 2.75%	1/14/2027	117.6	102.6	100.6	0.06%
Truck Transportation	Term Note	Prime plus 2.75%	1/12/2021	30.0	22.5	20.2	0.01%
Personal and Laundry Services	Term Note	Prime plus 2.75%	12/29/2020	5.0	3.8	3.7	0.00%
Food and Beverage Stores	Term Note	Prime plus 2.75%	12/29/2020	7.6	5.7	5.1	0.00%
Amusement, Gambling, and Recreation Industries	Term Note	Prime plus 2.75%	12/22/2035	189.5	178.1	183.3	0.10%
Amusement, Gambling, and Recreation Industries	Term Note	Prime plus 2.75%	12/22/2035	74.3	70.0	72.0	0.04%

Truck transportation	Term Note	Prime plus 2.75%	12/21/2020	50.3	37.3	36.9	0.02%
Accommodation	Term Note	Prime plus 2.75%	12/17/2035	27.7	26.0	26.3	0.01%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	12/13/2020	20.5	15.2	13.6	0.01%
Repair and Maintenance	Term Note	Prime plus 2.75%	11/30/2035	34.0	31.9	32.6	0.02%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	12/1/2020	66.4	48.0	47.4	0.03%

F-34

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Sporting Goods, Hobby, Musical Instrument, and Book Stores	Term Note	Prime plus 2.75%	11/19/2035	50.0	45.9	47.2	0.03%
Personal and Laundry Services	Term Note	Prime plus 2.75%	11/18/2020	42.5	31.1	30.8	0.02%
Securities, Commodity Contracts, and Other Financial Investments and Related Activities	Term Note	Prime plus 2.75%	11/16/2020	200.0	146.9	131.5	0.07%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	11/12/2035	148.7	139.3	139.4	0.08%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	10/29/2020	40.0	29.1	28.8	0.02%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	10/21/2020	73.0	52.0	51.5	0.03%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	10/20/2020	43.5	31.7	31.1	0.02%
Merchant Wholesalers, Nondurable Goods	Term Note	Prime plus 2.75%	10/20/2020	224.4	163.5	159.3	0.09%

Ambulatory Health Care Services	Term Note	Prime plus 2.75%	10/19/2020	24.4	17.8	17.6	0.01%
Furniture and Home Furnishings Stores	Term Note	Prime plus 2.75%	10/6/2035	146.6	137.5	141.6	0.08%
Personal and Laundry Services	Term Note	Prime plus 2.75%	10/4/2035	122.5	115.3	118.7	0.07%
Motor Vehicle and Parts Dealers	Term Note	Prime plus 2.75%	10/1/2020	296.8	213.3	211.2	0.12%
Educational Services	Term Note	Prime plus 2.75%	11/2/2020	172.5	125.8	112.6	0.06%
Educational Services	Term Note	Prime plus 2.75%	6/21/2020	37.5	25.8	23.1	0.01%

F-35

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Printing and Related Support Activities	Term Note	Prime plus 2.75%	9/30/2035	228.2	212.9	187.4	0.10%
Publishing Industries (except Internet)	Term Note	Prime plus 2.75%	9/30/2020	18.5	13.3	11.9	0.01%
Couriers and Messengers	Term Note	Prime plus 2.75%	9/29/2020	91.8	66.0	59.1	0.03%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	9/27/2020	19.8	8.9	8.8	0.00%
Furniture and Home Furnishings Stores	Term Note	Prime plus 2.75%	9/20/2020	204.0	147.1	133.3	0.07%
Truck Transportation	Term Note	Prime plus 2.75%	9/17/2020	17.7	12.8	12.0	0.01%
Merchant Wholesalers, Durable Goods	Term Note	Prime plus 2.75%	9/10/2020	16.0	11.6	10.6	0.01%
Fabricated Metal Product Manufacturing	Term Note	Prime plus 2.75%	9/3/2027	45.0	39.2	39.6	0.02%
Truck Transportation	Term Note	Prime plus 2.75%	9/2/2035	423.0	395.0	347.7	0.19%
Repair and Maintenance	Term Note	Prime plus 2.75%	9/2/2035	50.1	46.7	41.1	0.02%

Food Services and Drinking Places	Term Note	Prime plus 2.75%	8/30/2020	7.5	5.1	5.0	0.00%
Merchant Wholesalers, Nondurable Goods	Term Note	Prime plus 2.75%	8/27/2020	60.0	42.7	38.3	0.02%
Merchant Wholesalers, Nondurable Goods	Term Note	Prime plus 2.75%	8/27/2035	12.0	11.0	9.7	0.01%
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	9/23/2020	27.3	6.3	5.7	0.00%
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	9/20/2020	40.0	28.6	25.6	0.01%

F-36

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	8/19/2035	45.0	39.3	34.5	0.02%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	8/19/2035	51.7	48.2	42.4	0.02%
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	7/30/2035	28.8	26.8	23.6	0.01%
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	8/30/2020	40.3	28.5	27.0	0.01%
Repair and Maintenance	Term Note	Prime plus 2.75%	7/29/2035	76.2	70.7	60.7	0.03%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	6/30/2035	105.0	97.6	85.9	0.05%
Personal and Laundry Services	Term Note	Prime plus 2.75%	6/30/2020	50.0	34.9	34.6	0.02%
Motor Vehicle and Parts Dealers	Term Note	Prime plus 2.75%	6/29/2035	74.9	69.6	61.3	0.03%
Postal Service	Term Note	Prime plus 2.75%	7/28/2020	23.8	16.7	15.0	0.01%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	8/25/2020	27.5	19.6	19.4	0.01%

Personal and Laundry Services	Term Note	Prime plus 2.75%	7/25/2020	5.4	3.2	2.9	0.00%
Educational Services	Term Note	Prime plus 2.75%	6/25/2020	26.4	18.1	16.2	0.01%
Accommodation	Term Note	Prime plus 2.75%	7/23/2020	62.0	26.6	26.3	0.01%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	6/22/2035	94.6	87.8	73.9	0.04%
Amusement, Gambling, and Recreation Industries	Term Note	Prime plus 2.75%	6/22/2035	242.1	224.8	192.2	0.11%
Support Activities for Agriculture and Forestry	Term Note	Prime plus 2.75%	7/10/2020	67.5	44.5	42.2	0.02%

F-37

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Machinery Manufacturing	Term Note	Prime plus 2.75%	7/8/2028	50.0	43.6	43.9	0.02%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	6/28/2020	7.5	5.2	4.7	0.00%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	6/28/2020	6.1	4.2	3.8	0.00%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	5/26/2035	32.1	29.0	25.5	0.01%
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	8/6/2020	24.3	17.2	17.1	0.01%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	5/15/2017	19.7	10.1	9.0	0.00%
Support Activities for Agriculture and Forestry	Term Note	Prime plus 2.75%	4/30/2020	183.3	115.4	109.7	0.06%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	3/31/2035	204.0	188.7	163.1	0.09%
Personal and Laundry Services	Term Note	Prime plus 2.75%	4/30/2034	60.0	55.0	49.3	0.03%
Food Services and Drinking	Term Note	Prime plus 2.75%	7/15/2020	24.8	1.2	1.2	0.00%

Places

Amusement, Gambling, and Recreation Industries	Term Note	Prime plus 2.75%	4/26/2020	6.3	4.3	4.0	0.00%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	4/25/2020	15.6	10.6	10.2	0.01%
Truck Transportation	Term Note	Prime plus 2.75%	4/25/2020	142.6	96.5	95.0	0.05%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	4/23/2020	15.0	10.2	9.5	0.01%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	4/9/2020	14.5	9.9	9.2	0.01%
Repair and Maintenance	Term Note	Prime plus 2.75%	3/5/2035	76.6	71.1	72.4	0.04%

F-38

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Food Services and Drinking Places	Term Note	Prime plus 2.75%	12/30/2034	42.5	39.1	39.8	0.02%
Amusement, Gambling, and Recreation Industries	Term Note	Prime plus 2.75%	2/28/2019	15.0	9.2	9.0	0.01%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	3/31/2020	43.6	24.7	23.3	0.01%
Administrative and Support Services	Term Note	Prime plus 2.75%	3/29/2024	126.5	100.5	97.4	0.05%
Beverage and Tobacco Product Manufacturing	Term Note	Prime plus 2.75%	12/29/2019	185.3	120.9	119.5	0.07%
Educational Services	Term Note	Prime plus 2.75%	3/16/2020	15.5	7.2	6.8	0.00%
Construction of Buildings	Term Note	Prime plus 2.75%	12/11/2019	58.5	37.0	34.5	0.02%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	12/11/2019	9.0	5.9	5.8	0.00%
Social Assistance	Term Note	Prime plus 2.75%	3/1/2020	35.4	23.4	21.8	0.01%
Personal and Laundry Services	Term Note	Prime plus 2.75%	11/19/2034	58.3	53.5	54.3	0.03%
	Term Note		12/12/2019	10.0	6.5	6.4	0.00%

Printing and Related Support Activities		Prime plus 2.75%					
Administrative and Support Services	Term Note	Prime plus 2.75%	11/28/2019	57.0	36.4	33.9	0.02%
Printing and Related Support Activities	Term Note	Prime plus 2.75%	10/29/2034	147.5	135.0	139.0	0.08%
Securities, Commodity Contracts, and Other Financial Investments and Related Activities	Term Note	Prime plus 2.75%	6/29/2019	100.0	60.3	56.3	0.03%

F-39

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Forged Metal Product Manufacturing	Term Note	Prime plus 2.75%	4/17/2019	308.2	174.9	171.6	0.09%
Furniture and Home Furnishings Stores	Term Note	Prime plus 2.75%	9/30/2015	17.4	4.4	4.2	0.00%
Administrative and Support Services	Term Note	Prime plus 2.75%	12/18/2018	50.0	27.4	27.0	0.01%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	3/15/2016	8.3	2.1	2.0	0.00%
Personal and Laundry Services	Term Note	Prime plus 2.75%	12/4/2018	20.3	11.0	10.5	0.01%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	2/28/2019	12.1	6.6	6.3	0.00%
Apparel Manufacturing	Term Note	Prime plus 2.75%	11/1/2018	6.8	3.6	3.5	0.00%
Administrative and Support Services	Term Note	Prime plus 2.75%	1/22/2019	8.2	4.3	4.2	0.00%
Amusement, Gambling, and Recreation Industries	Term Note	Prime plus 2.75%	9/30/2018	7.5	3.2	3.1	0.00%
Apparel Manufacturing	Term Note	Prime plus 2.75%	6/27/2018	57.6	29.5	28.2	0.02%

Specialty Trade Contractors	Term Note	Prime plus 2%	12/27/2018	411.5	221.1	207.2	0.11%
Merchant Wholesalers, Durable Goods	Term Note	Prime plus 2.75%	9/26/2018	425.0	222.3	211.9	0.12%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	12/24/2018	50.6	27.8	26.5	0.01%
Computer and Electronic Product Manufacturing	Term Note	Prime plus 2.75%	9/20/2015	61.8	16.2	16.0	0.01%
Personal and Laundry Services	Term Note	Prime plus 2.75%	11/9/2018	88.0	46.5	44.5	0.02%
Food and Beverage Stores	Term Note	Prime plus 2.75%	8/5/2018	81.3	41.5	40.2	0.02%

F-40

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Food Services and Drinking Places	Term Note	Prime plus 2.75%	6/30/2018	86.2	42.9	41.8	0.02%
Repair and Maintenance	Term Note	Prime plus 2.75%	6/14/2018	144.9	72.8	71.1	0.04%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	6/7/2018	22.5	11.0	10.8	0.01%
Merchant Wholesalers, Nondurable Goods	Term Note	Prime plus 2.75%	5/22/2015	52.5	6.5	6.4	0.00%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	5/8/2018	10.5	4.5	4.5	0.00%
Educational Services	Term Note	6.00%	8/1/2031	57.7	53.9	53.9	0.03%
Repair and Maintenance	Term Note	Prime plus 2.75%	3/29/2018	9.4	4.5	4.4	0.00%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	3/22/2018	49.8	23.6	23.2	0.01%
Accommodation	Term Note	Prime plus 2.75%	12/20/2032	92.5	80.6	83.0	0.05%
Food Services and Drinking Places	Term Note	6.00%	3/19/2018	87.5	74.2	72.2	0.04%

Edgar Filing: BEMIS CO INC - Form 424B2

Other Information Services	Term Note	6.00%	3/17/2018	97.5	84.3	81.8	0.05%
Truck Transportation	Term Note	Prime plus 2.75%	3/12/2018	9.8	4.6	4.5	0.00%
Fabricated Metal Product Manufacturing	Term Note	Prime plus 2.75%	2/15/2018	100.0	45.5	44.6	0.02%
Textile Product Mills	Term Note	Prime plus 2.75%	2/15/2018	12.0	5.7	5.5	0.00%
Printing and Related Support Activities	Term Note	Prime plus 2.75%	10/26/2032	69.8	61.1	63.0	0.03%
Personal and Laundry Services	Term Note	Prime plus 2.75%	1/19/2018	9.7	4.1	4.1	0.00%

F-41

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Miscellaneous Manufacturing	Term Note	Prime plus 2.5%	4/3/2018	434.4	361.1	350.6	0.19%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	12/28/2017	44.0	19.8	19.3	0.01%
Administrative and Support Services	Term Note	Prime plus 2.75%	12/18/2017	21.2	11.4	11.1	0.01%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	12/18/2017	168.7	75.5	73.9	0.04%
Repair and Maintenance	Term Note	Prime plus 2.75%	12/17/2017	8.4	3.0	2.9	0.00%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	12/11/2017	93.1	41.1	39.9	0.02%
Food Manufacturing	Term Note	Prime plus 2.75%	12/10/2017	71.7	32.4	31.5	0.02%
Furniture and Home Furnishings Stores	Term Note	Prime plus 2.75%	12/6/2017	63.1	28.3	27.5	0.02%
Food and Beverage Stores	Term Note	Prime plus 2.75%	11/28/2017	18.6	8.2	7.9	0.00%
Textile Mills	Term Note	Prime plus 2.75%	11/27/2027	247.5	199.2	201.9	0.11%
	Term Note		11/14/2017	6.9	2.8	2.7	0.00%

Credit Intermediation and Related Activities		Prime plus 2.75%					
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	11/3/2014	4.1	0.5	0.5	0.00%
Personal and Laundry Services	Term Note	Prime plus 2.75%	10/30/2017	64.5	28.3	27.8	0.02%
Miscellaneous Store Retailers	Term Note	Prime plus 2.75%	10/17/2017	15.0	6.5	6.4	0.00%
Food Manufacturing	Term Note	Prime plus 2.75%	12/29/2017	21.1	7.6	7.5	0.00%
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	9/20/2014	16.0	0.7	0.7	0.00%

F-42

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Transit and Ground Passenger Transportation	Term Note	Prime plus 2.75%	9/15/2017	12.6	5.3	5.2	0.00%
General Merchandise Stores	Term Note	Prime plus 2.75%	8/29/2017	9.0	3.3	3.2	0.00%
Repair and Maintenance	Term Note	Prime plus 2.75%	5/18/2032	15.8	13.5	13.9	0.01%
Rental and Leasing Services	Term Note	Prime plus 2.75%	8/17/2017	315.0	112.9	110.9	0.06%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	8/11/2017	50.0	20.9	20.3	0.01%
Administrative and Support Services	Term Note	Prime plus 2.75%	8/10/2016	61.8	16.3	16.0	0.01%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	6/30/2017	148.9	59.9	58.8	0.03%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	3/16/2017	10.0	3.7	3.6	0.00%
Personal and Laundry Services	Term Note	Prime plus 2.25%	9/7/2027	267.3	212.4	208.8	0.12%
Administrative and Support Services	Term Note	Prime plus 2.75%	2/28/2015	2.9	0.3	0.3	0.00%

Clothing and Clothing Accessories Stores	Term Note	Prime plus 2.75%	5/27/2017	12.8	4.3	4.2	0.00%
Clothing and Clothing Accessories Stores	Term Note	Prime plus 2.75%	2/9/2017	22.5	8.6	8.3	0.00%
Food and Beverage Stores	Term Note	Prime plus 2.75%	2/5/2026	52.6	39.8	40.2	0.02%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	4/30/2017	5.6	1.5	1.5	0.00%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	1/31/2017	6.0	2.2	2.1	0.00%
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.75%	4/26/2017	6.7	2.0	1.9	0.00%
Data Processing, Hosting, and Related Services	Term Note	Prime plus 2.75%	4/25/2017	7.5	2.9	2.8	0.00%

F-43

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Clothing and Clothing Accessories Stores	Term Note	Prime plus 2.75%	1/17/2017	10.8	4.0	3.9	0.00%
Repair and Maintenance	Term Note	Prime plus 2.75%	1/5/2027	286.9	222.2	225.0	0.12%
Amusement, Gambling, and Recreation Industries	Term Note	Prime plus 2.75%	3/29/2017	5.0	1.8	1.7	0.00%
Educational Services	Term Note	Prime plus 2.75%	12/29/2016	22.5	7.8	7.6	0.00%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	6/29/2017	14.5	5.7	5.6	0.00%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	6/27/2017	13.0	4.3	4.2	0.00%
Professional, Scientific, and Technical Services	Term Note	Prime plus 2.25%	12/18/2031	49.7	42.1	41.6	0.02%
Food and Beverage Stores	Term Note	Prime plus 2.75%	12/18/2016	67.5	23.3	22.8	0.01%
Waste Management and Remediation Services	Term Note	Prime plus 2.75%	11/14/2016	4.1	1.3	1.3	0.00%
	Term Note		11/3/2016	3.6	1.2	1.1	0.00%

Specialty Trade Contractors		Prime plus 2.75%					
Building Material and Garden Equipment and Supplies Dealers	Term Note	Prime plus 2.75%	11/1/2016	3.8	1.2	1.1	0.00%
Health and Personal Care Stores	Term Note	Prime plus 2.75%	10/27/2019	46.2	9.0	8.9	0.00%
Food Services and Drinking Places	Term Note	7.75%	10/11/2016	64.5	43.4	43.3	0.02%
Specialty Trade Contractors	Term Note	Prime plus 2.75%	9/20/2016	27.1	7.4	7.2	0.00%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	9/6/2016	3.6	1.2	1.2	0.00%
Scenic and Sightseeing Transportation	Term Note	Prime plus 2.75%	9/2/2016	13.6	4.2	4.1	0.00%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	8/1/2016	8.2	2.5	2.4	0.00%

F-44

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
General Merchandise Stores	Term Note	Prime plus 2.75%	7/21/2016	46.9	12.1	11.8	0.01%
Personal and Laundry Services	Term Note	Prime plus 2.75%	7/18/2016	5.9	0.3	0.3	0.00%
Specialty Trade Contractors	Term Note	Prime plus 2.75%	6/29/2016	7.0	1.7	1.6	0.00%
Personal and Laundry Services	Term Note	Prime plus 2.75%	6/28/2016	5.5	1.7	1.7	0.00%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	5/26/2016	219.8	63.1	61.9	0.03%
Educational Services	Term Note	Prime plus 2.75%	5/12/2016	16.3	4.7	4.6	0.00%
Amusement, Gambling, and Recreation Industries	Term Note	Prime plus 2.75%	5/5/2016	8.8	2.4	2.4	0.00%
Miscellaneous Manufacturing	Term Note	Prime plus 2.75%	3/22/2016	8.1	2.1	2.1	0.00%
Administrative and Support Services	Term Note	Prime plus 2.75%	3/3/2028	244.7	186.5	189.5	0.10%
Personal and Laundry Services	Term Note	Prime plus 2.75%	1/27/2031	12.0	10.0	10.3	0.01%

Ambulatory Health Care Services	Term Note	Prime plus 2.75%	1/12/2016	15.0	3.3	3.3	0.00%
Personal and Laundry Services	Term Note	Prime plus 2.75%	1/11/2016	2.2	0.5	0.5	0.00%
Nursing and Residential Care Facilities	Term Note	6.00%	12/1/2015	1,076.8	906.0	886.0	0.49%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	12/29/2015	62.5	14.4	14.1	0.01%
Specialty Trade Contractors	Term Note	Prime plus 2.25%	2/1/2020	206.5	69.9	68.1	0.04%
General Merchandise Stores	Term Note	Prime plus 2.75%	12/20/2015	14.4	3.4	3.3	0.00%
Ambulatory Health Care Services	Term Note	Prime plus 2.25%	12/7/2015	77.0	19.7	19.1	0.01%

F-45

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Special Assistance	Term Note	Prime plus 2.75%	10/28/2026	5.1	3.9	3.9	0.00%
Printing and Related Support Activities	Term Note	Prime plus 2.75%	10/26/2015	8.0	0.3	0.3	0.00%
Sporting Goods, Hobby, Musical Instrument, and Book Stores	Term Note	Prime plus 2.75%	10/13/2015	125.0	25.5	24.9	0.01%
Merchant Wholesalers, Nondurable Goods	Term Note	Prime plus 2.75%	9/30/2015	4.5	0.9	0.9	0.00%
Printing and Related Support Activities	Term Note	Prime plus 2.75%	9/29/2015	7.7	1.6	1.6	0.00%
Food and Beverage Stores	Term Note	Prime plus 2.75%	9/28/2015	36.4	3.1	3.0	0.00%
Accommodation	Term Note	Prime plus 2.75%	5/2/2030	76.9	68.1	69.8	0.04%
Textile Mills	Term Note	Prime plus 2.75%	4/22/2015	57.7	9.2	9.0	0.00%
Repair and Maintenance	Term Note	Prime plus 2.125%	4/7/2025	277.5	139.9	136.6	0.08%
Support Activities for Agriculture and Forestry	Term Note	Prime plus 2.75%	3/31/2030	12.3	10.2	10.4	0.01%
	Term Note		3/31/2015	128.0	18.3	17.9	0.01%

Ambulatory Health Care Services		Prime plus 2.75%					
Building Material and Garden Equipment and Supplies Dealers	Term Note	Prime plus 2.75%	3/1/2025	25.1	18.0	18.1	0.01%
Miscellaneous Store Retailers	Term Note	Prime plus 2.75%	1/21/2015	9.5	1.1	1.1	0.00%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	12/28/2014	201.2	10.0	9.8	0.01%
Construction of Buildings	Term Note	Prime plus 2.75%	12/20/2014	26.2	1.6	1.6	0.00%
Food Services and Drinking Places	Term Note	6.00%	12/17/2014	41.0	4.3	4.2	0.00%
Repair and Maintenance	Term Note	Prime plus 3.75%	12/17/2014	9.1	1.0	1.0	0.00%

F-46

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	12/15/2014	6.8	0.6	0.5	0.00%
Social Assistance	Term Note	Prime plus 2.75%	10/20/2014	17.6	1.4	1.4	0.00%
Miscellaneous Store Retailers	Term Note	Prime plus 2.75%	9/22/2014	8.0	0.1	0.1	0.00%
Administrative and Support Services	Term Note	7.00%	9/8/2014	62.1	36.3	35.6	0.02%
Other Information Services	Term Note	5.30%	2/1/2025	7.0	4.9	4.7	0.00%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	7/30/2029	17.2	13.2	13.5	0.01%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	6/21/2014	46.0	2.1	2.0	0.00%
Electronics and Appliance Stores	Term Note	Prime plus 3.75%	3/1/2018	13.5	4.6	4.6	0.00%
Nonstore Retailers	Term Note	Prime plus 2.75%	5/13/2014	5.4	0.2	0.2	0.00%
Merchant Wholesalers, Durable Goods	Term Note	Prime plus 1.50%	3/18/2029	42.9	32.8	30.8	0.02%
Food and Beverage Stores	Term Note	Prime plus 2.50%	2/27/2024	18.3	12.1	12.0	0.01%
Repair and Maintenance	Term Note	5.00%	12/22/2028	254.0	95.4	95.1	0.05%

Personal and Laundry Services	Term Note	Prime plus 2.75%	12/19/2028	18.0	14.1	14.4	0.01%
Repair and Maintenance	Term Note	Prime plus 2.25%	11/10/2028	25.3	19.8	19.5	0.01%
Accommodation	Term Note	6.00%	11/5/2028	68.3	53.8	51.5	0.03%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	1/30/2028	28.8	20.2	20.6	0.01%

F-47

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Repair and Maintenance	Term Note	Prime plus 2.5%	4/5/2029	61.1	48.6	48.9	0.03%
Motor Vehicle and Parts Dealers	Term Note	6.00%	9/15/2014	34.6	8.4	8.2	0.00%
Specialty Trade Contractors	Term Note	Prime plus 2.50%	8/6/2028	12.4	9.5	9.5	0.01%
Food Manufacturing	Term Note	Prime plus 2.75%	10/10/2015	85.0	5.7	5.5	0.00%
Accommodation	Term Note	Prime plus 2.00%	4/18/2026	675.0	467.0	453.0	0.25%
Fabricated Metal Product Manufacturing	Term Note	Prime plus 2.00%	3/30/2021	57.2	28.9	28.0	0.02%
Specialty Trade Contractors	Term Note	Prime plus 2.50%	1/31/2023	14.3	9.4	9.3	0.01%
Food Services and Drinking Places	Term Note	Prime plus 2.00%	6/29/2025	16.9	10.9	10.6	0.01%
Gasoline Stations	Term Note	Prime plus 2.75%	12/29/2021	6.0	3.3	3.3	0.00%
Accommodation	Term Note	Prime plus 2.00%	3/20/2025	53.2	11.7	11.4	0.01%
Ambulatory Health Care Services	Term Note	Prime plus 2.00%	3/12/2022	13.0	6.5	6.3	0.00%
Accommodation	Term Note	Prime plus 2.25%	4/30/2024	68.1	39.3	38.6	0.02%

Edgar Filing: BEMIS CO INC - Form 424B2

Plastics and Rubber Products Manufacturing	Term Note	Prime plus 2.75%	6/16/2025	10.2	6.0	6.1	0.00%
Accommodation	Term Note	Prime plus 2.25%	9/8/2023	22.6	14.8	14.5	0.01%
Accommodation	Term Note	Prime plus 2.25%	2/14/2025	53.2	34.3	33.6	0.02%
Accommodation	Term Note	Prime plus 2.25%	11/25/2024	50.4	32.0	31.4	0.02%
Animal Production and Aquaculture	Term Note	Prime plus 2.75%	10/19/2022	19.5	14.0	13.9	0.01%
Accommodation	Term Note	Prime plus 2.25%	9/27/2024	85.1	51.5	50.6	0.03%

F-48

Investments

Country	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
United States	Term Note	Prime plus 2.75%	3/13/2023	15.7	9.3	9.3	0.01%
Canada	Term Note	Prime plus 2.25%	5/31/2023	46.4	26.6	26.1	0.01%
Canada	Term Note	Prime plus 2.25%	3/31/2024	62.9	38.4	37.7	0.02%
United States	Term Note	Prime plus 2.75%	8/26/2018	12.4	4.5	4.4	0.00%
United States	Term Note	Prime plus 2.75%	1/14/2023	17.1	8.5	8.5	0.00%
Canada	Term Note	Prime plus 2.00%	12/22/2023	34.1	17.7	17.2	0.01%
United States	Term Note	Prime plus 2.75%	12/11/2019	19.5	8.4	8.3	0.00%
United States	Term Note	Prime plus 2.25%	10/7/2023	24.0	14.3	14.0	0.01%
Canada	Term Note	Prime plus 2.25%	9/30/2023	65.7	47.2	46.2	0.03%
United States	Term Note	Prime plus 2.00%	6/12/2023	13.5	7.8	7.6	0.00%
Canada	Term Note	Prime plus 2.75%	3/27/2023	22.9	5.9	5.9	0.00%
United States	Term Note	Prime plus 2.75%	12/23/2022	25.8	14.7	14.7	0.01%

Edgar Filing: BEMIS CO INC - Form 424B2

and Metal duct cturing	Term Note	Prime plus 2.75%	12/8/2022	4.4	1.9	1.9	0.00%
Services anking es	Term Note	Prime plus 2.75%	7/18/2021	32.6	16.2	16.1	0.01%
ort es for ire and etry	Term Note	Prime plus 2.75%	1/31/2022	11.4	3.1	3.1	0.00%
nal on and ulture	Term Note	Prime plus 2.75%	12/6/2021	8.3	4.3	4.3	0.00%
ine ons	Term Note	Prime plus 2.75%	8/20/2021	18.1	9.1	9.1	0.01%
Services anking es	Term Note	Prime plus 2.75%	10/20/2020	6.2	2.9	2.9	0.00%
				\$ 110,233.9	99,075.3	93,112.6	51.66%

F-49

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Services and Banking Places	Term Note	6.00%	10/7/2022	12.7	8.9	6.8	0.00%
Services and Banking Places	Term Note	6.00%	11/20/2022	56.7	40.2	38.9	0.02%
Online Stations	Term Note	Prime plus 2.75%	3/13/2023	64.0	50.3	26.0	0.01%
Amusement, Gambling, and Recreation Industries	Term Note	6.00%	9/14/2023	36.5	27.5	25.0	0.01%
Motor Vehicle and Parts Dealers	Term Note	6.00%	8/17/2023	15.1	8.5	5.7	0.00%
Accommodation	Term Note	5.25%	10/3/2028	57.8	41.7	15.0	0.01%
Specialty Trade Contractors	Term Note	Prime plus 2.75%	5/18/2024	30.4	19.1	14.5	0.01%
Amusement, Gambling, and Recreation Industries	Term Note	6.00%	6/5/2026	74.9	59.7	50.8	0.03%
Repair and Maintenance	Term Note	Prime plus 2.00%	4/9/2029	47.9	38.1	29.5	0.02%
Amusement, Gambling, and Recreation Industries	Term Note	6.00%	12/19/2029	200.0	167.6	158.3	0.09%
Professional, Scientific, and Technical Services	Term Note	Prime plus 3.75%	3/19/2014	4.0	0.5	0.4	0.00%

Edgar Filing: BEMIS CO INC - Form 424B2

ure and Home shings Stores	Term Note	7.00%	10/30/2015	6.6	1.5	1.4	0.00%
Repair and aintenance	Term Note	Prime plus 2.75%	8/26/2024	17.9	11.0	9.6	0.01%
ng (except Oil and Gas)	Term Note	11.00%	10/29/2014	334.0	140.1		0.00%
ommunications	Term Note	6.00%	1/27/2015	7.1	1.0		0.00%
ersonal and ndry Services	Term Note	6.00%	6/16/2025	10.6	8.6		0.00%
ng and Related ort Activities	Term Note	6.00%	7/29/2015	44.7	14.6	13.1	0.01%
rofessional, entific, and nical Services	Term Note	6.00%	8/9/2015	5.0	1.8	1.8	0.00%

F-50

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Repair and Maintenance	Term Note	Prime plus 2.75%	8/25/2013	1.8	0.0	0.0	0.00%
Ambulatory Health Care Services	Term Note	7.75%	9/30/2015	244.2	159.7	10.6	0.01%
Personal and Laundry Services	Term Note	7.75%	10/15/2015	10.2	5.3	1.8	0.00%
Administrative and Support Services	Term Note	6.00%	10/20/2015	6.0	2.4	2.2	0.00%
Food Services and Drinking Places	Term Note	Prime plus 2.75%	10/28/2015	18.2	4.1	4.0	0.00%
Financial Assistance	Term Note	Prime plus 2.75%	1/27/2016	9.1	2.1	0.6	0.00%
Dental and Cleaning Services	Term Note	6.00%	1/30/2016	251.7	224.0	79.2	0.04%
Educational Services	Term Note	Prime plus 2.75%	11/16/2016	11.6	4.9		0.00%
Footwear and Clothing Accessories Stores	Term Note	Prime plus 2.75%	12/14/2016	90.5	23.6	22.8	0.01%
Miscellaneous Manufacturing	Term Note	6.00%	5/8/2017	45.8	17.3	15.3	0.01%
Accommodation	Term Note	6.00%	2/20/2032	41.8	10.3		0.00%
Chemical Manufacturing	Term Note	6.00%	9/28/2021	500.0	71.1	47.6	0.03%

Edgar Filing: BEMIS CO INC - Form 424B2

Personal and Laundry Services	Term Note	0.00%	4/18/2017	209.2	93.9	72.9	0.04%
Ambulatory Health Care Services	Term Note	Prime plus 2.75%	10/25/2017	7.4	3.3	1.4	0.00%
Food Services and Drinking Places	Term Note	6.00%	5/29/2018	305.5	186.6	39.9	0.02%
Paper Manufacturing	Term Note	6.00%	6/5/2018	129.5	91.9		0.00%
Performing Arts, Amusement and Recreation, and Related Industries	Term Note	6.00%	3/6/2018	65.0	21.3	18.9	0.01%
Food Services and Drinking Places	Term Note	6.00%	6/18/2026	225.0	170.3	69.3	0.04%
Food Services and Drinking Places	Term Note	6.00%	7/7/2027	109.1	94.3	41.8	0.02%
Chemical Manufacturing	Term Note	6.00%	8/23/2018	125.0	119.3	115.3	0.08%

F-51

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Motor Vehicle and Parts Dealers	Term Note	6.00%	9/4/2032	76.1	67.6	33.9	0.02%
Repair and Maintenance	Term Note	6.00%	9/24/2030	264.0	214.7		0.00%
Securities, Commodity Contracts, and Other Financial Investments and Related Activities	Term Note	Prime plus 2.75%	11/13/2015	17.8	9.8		0.00%
Ambulatory Health Care Services	Term Note	6.00%	2/15/2019	118.2	88.0	85.0	0.05%
Primary Metal Manufacturing	Term Note	6.00%	9/12/2033	500.0	162.7	36.0	0.02%
Administrative and Support Services	Term Note	6.00%	10/6/2018	486.0	94.1		0.00%
Ambulatory Health Care Services	Term Note	6.00%	2/17/2020	10.0	8.7	8.4	0.01%
Fabricated Metal Product Manufacturing	Term Note	6.00%	4/30/2025	152.9	140.9	136.2	0.08%
Printing and Related Support Activities	Term Note	6.00%	7/16/2020	204.0	153.5		0.00%
Administrative and Support Services	Term Note	Prime plus 2.75%	7/30/2020	160.0	133.7	129.2	0.07%

Amusement, Gambling, and Recreation Industries	Term Note	6.00%	8/18/2035	151.9	148.3	70.1	0.04%
Food Services and Drinking Places	Term Note	6.00%	2/22/2031	84.3	29.0		0.00%
Specialty Trade Contractors	Term Note	6.00%	12/17/2023	116.3	102.4	95.6	0.06%
Support Activities for Transportation	Term Note	6.00%	12/28/2035	145.9	144.6	53.7	0.03%
Furniture and Home Furnishings Stores	Term Note	Prime plus 2.75%	12/29/2035	122.9	115.0	98.6	0.05%
Food and Beverage Stores	Term Note	6.00%	12/30/2035	150.4	58.2		0.02%
Professional, Scientific, and Technical Services	Term Note	6.00%	2/18/2036	92.4	19.0	9.5	0.01%

F-52

Investments

	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Industry Trade Factors	Term Note	6.00%	3/7/2021	49.7	44.8	16.2	0.01%
Store Filers	Term Note	6.00%	3/29/2036	490.0	467.0	451.2	0.26%
Store Filers	Term Note	6.00%	3/29/2036	303.8	289.5		0.00%
Investment and Insurance Services	Term Note	6.00%	6/24/2021	537.5	475.9	354.3	0.20%
Services Linkages	Term Note	Prime plus 2.75%	9/16/2021	21.0	17.5	16.9	0.01%
Industry Trade Factors	Term Note	6.00%	11/7/2036	427.5	419.9	401.1	0.23%
Industry Trade Factors	Term Note	6.00%	11/7/2036	204.0	201.6	130.0	0.07%
Merchant Sales, Goods	Term Note	6.00%	2/23/2022	246.3	229.4		0.00%
Merchant Sales, Goods	Term Note	6.00%	2/23/2022	200.0	186.3		0.00%
Professional, Lic, and Medical Services	Term Note	Prime plus 2.75%	3/23/2037	781.8	768.2	742.2	0.43%
Professional, Lic, and	Term Note	Prime plus 2.75%	3/23/2022	379.6	268.3	259.3	0.14%

Medical Services							
Product Manufacturing	Term Note	Prime plus 2.75%	12/20/2022	17.3	13.6	12.3	0.01%
Laboratory Care Services	Term Note	Prime plus 2.75%	3/7/2023	75.8	74.9	45.9	0.03%
Wholesale Distributors, Medical Goods	Term Note	6.00%	4/8/2030	190.9	187.8		0.00%
Services (Printing, etc.)	Term Note	6.00%	4/19/2023	121.3	64.0	55.7	0.03%
Subtotal				\$10,332.1	\$7,345.3	\$4,181.7	2.32%
Special Sale (4):							
Special Finance	Term Note	Prime plus 2.75%	9/25/2038	71.6	71.6	80.2	0.04%
Special Financing	Term Note	Prime plus 2.75%	10/29/2038	1,760.2	1,752.2	1,962.5	1.10%

F-53

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Food Manufacturing	Term Note	Prime plus 2.75%	3/14/2029	1,342.0	1,342.0	1,503.0	0.83%
Recreation, Amusement, Volunteering, and Entertainment Industries	Term Note	Prime plus 2.75%	3/27/2024	258.3	258.3	289.3	0.16%
Motor Vehicle Parts Dealers	Term Note	Prime plus 2.75%	7/28/2039	71.6	71.6	80.2	0.04%
Assistance	Term Note	Prime plus 2.75%	3/31/2039	64.1	64.1	71.8	0.04%
Hold for sale				\$ 3,567.8	3,559.8	3,987.0	2.21%
Web-based solutions businesses.	50% membership interest, Term loan	3.00%	December 2014				0.00%
Provides electronic merchant services businesses and government agencies nationwide.	100% Common Stock		n/a				0.00%
Multi-lingual	100%	10.00%	December				0.00%

<p>business membership processing interests, sourcing Term loan organization used on ng middle t and large nies in the ness and al services stry with c emphasis e Hispanic market.</p>	<p>2007</p>				
<p>bank lender der the ogram istered by US Small usiness nistration.</p>	<p>100% membership interests</p>	<p>n/a</p>	<p>1.0</p>	<p>1.0</p>	<p>0.00%</p>

F-54

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Accounts receivable management systems and services; comprehensive commercial and consumer billing, payments and transaction service	100% membership interests, Term loans at 1%	1.00%	100% common stock and debt at 1%, various maturities through 12/1/2014	1,480.0		5,200	2.88%
Hosting and design.	100% Common Stock		n/a		9,256.0	21,600	11.98%
Invests in early-stage companies, venture capitalism.	100% Common Stock		n/a				0.00%
Acquires and sells merchant, credit and debit card processing services, as well as ancillary processing equipment and software to merchants who accept credit cards.	95% membership interests		n/a				0.00%
Electronic data storage and backup services.	100% membership interests		n/a				0.00%

Provides insurance services to commercial, institutional and individual customers.	100% membership interests		n/a		2,400	1.33%
Provides payroll processing and related services.	80% membership interests, Term loan	12.00%	August 2015	435.0	800	0.44%
Provides processing, hosting and related services.	66.7% membership interests		n/a			0.00%
Provides account servicing	100% Common Stock		n/a		2,800	1.55%
Provides electronic payment processing services to merchants throughout the US.	100% membership interests		n/a			0.00%

F-55

Investments

Industry	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
Full service and high quality Ajax based web hosting company providing individuals, organizations, and users with online systems needed for storing information, images, etc.	100% membership interests, Term loan	10.00%	December 2007				0.00%
Provides loan closing services and investment and managerial services for Texas Certified Capital Company	100% membership interests		n/a		65.0		0.00%
Management of certified capital companies	100% membership interests		n/a				0.00%
Electronic payment processing and merchant solutions.	100% membership interests		n/a			45,650.0	25.32%
Theatrical productions	95% membership interests		n/a				0.00%
Management of	100%		n/a				0.00%

Investments	Common Stock			
Management of Investments	100% Common Stock	n/a		0.00%
Partified Capital Company	100% membership interests	n/a	500.0	0.00%
Partified Capital Company	100% membership interests	n/a	500.0	0.00%
Partified Capital Company	100% membership interests	n/a	500.0	0.00%
Partified Capital Company	100% membership interests	n/a	500.0	0.00%

F-56

Investments

Country	Type of Investment	Interest rate ⁽²⁾	Maturity Date	Principal	Cost	Fair Value	% of Fair Value Investments
United States	99.4% membership interests		n/a		500.0		0.00%
United States	100% membership interests		n/a		500.0		0.00%
United States	100% membership interests		n/a		500.0		0.00%
United States	100% membership interests		n/a		500.0		0.00%
United States	100% membership interests		n/a		500.0		0.00%
United States	100% membership interests		n/a			500	0.28%
				\$ 1,915.0	\$ 13,822.0	\$ 78,951.0	43.81%
Grand Total Schedule of Investments				\$ 126,048.8	\$ 123,802.4	\$ 180,232.3	100.00%

g loans

ng loan using a discounted cash flow analysis which projects future cash flows and incorporates
ments, and loan defaults using historical portfolio data. The data predicts future prepayment and
which are based on loan age. The recovery assumption for each loan is specific to the discounted
porting that loan. Each loans cash flow is discounted at a rate which approximates a market yield.
der the SBA 7a program and conform to the underwriting guidelines in effect at their time of
awarded PLP status from the SBA. The loans are not guaranteed by the SBA. Individual loan
institutions which have been granted an SBA 750 license. Loans can also be sold as a pool of loans
d investors. Selling the loans as a pool of loans is more indicative of fair value than on a one by one
portfolio purchases is significantly larger than a small balance small business loan on a unit sale.

ng loans using a discounted cash flow analysis of the underlying collateral which supports the loan.
sed upon current payment streams and are re-amortized at the end of the modification period. Net
value less cost to liquidate) is applied to the discounted cash flow analysis based upon a time to

sale using the secondary SBA 7a market as a reference point. Newtek routinely sells into this
d portions, partially funded as of the valuation date are valued using level two inputs.

F-57

estments

losed above as equity investments in those companies that are Control Investments of the Company Company Act of 1940. A company is deemed to be a Control Investment of Newtek Business tek Business Services Corp. owns more than 25% of the voting securities of such company.

ponential of NY, LLC.

ners, LLC. , 5% owned by non-affiliate

exas Partners, LLC.

NY IV, LLC, 24.611% owned by Exponential of NY, LLC and 25.907% owned by Newtek

bama Partners, LLC., 5% owned by non-affiliate

Partners IV, LLC, 20% owned by non-affiliate

exas Partners IV, LLC, 33.3% owned by non-affiliate

as the portfolio company was organized by the Company.

F-58

NEWTEK BUSINESS SERVICES CORP.

NOTES TO SPECIAL PURPOSE SCHEDULE OF INVESTMENTS

MARCH 31, 2014

(Newtek MD), a Maryland corporation, was formed in August 2013 for the purpose of Newtek Business Services, Inc. (Newtek NY), in the state of Maryland and then merging Newtek NY into Newtek MD. Upon merger, Newtek MD will assume all of the assets and liabilities of Newtek NY, and the shares of Newtek MD will be issued to the holders of shares of Newtek MD. Newtek NY will then cease to exist. The assets included in the Special Purpose Schedule of Investments are owned by Newtek NY and upon completion of the merger and the formation of Newtek MD, including those assets reflected in the accompanying Special Purpose Schedule of Investments, will be owned by Newtek MD.

Newtek MD is an election to be regulated as a business development company (a BDC) under the Investment Company Act of 1940, and intends to operate subsequently as an internally managed, non-diversified closed-end fund. Newtek MD's investment objective will be substantially similar to Newtek NY's current investment objective to invest in and originate loans made through its small business finance platform under the SBA 7(a) program and to a lesser extent, to acquire and enhance its integrated operating businesses.

The public offering will be consummated or that the special purpose schedule of investments is a result of the loans and other investments that will ultimately be merged into Newtek MD.

SIGNIFICANT ACCOUNTING POLICIES

The special purpose schedule of investments is expressed in United States dollars and has been prepared in accordance with the principles generally accepted in the United States of America (GAAP). This accompanying special purpose schedule of investments to be merged into Newtek MD was prepared by the officers of Newtek NY (Management) and the directors of Newtek NY (the Board).

The special purpose schedule of investments in conformity with GAAP requires Management and the Board to disclose the accounting policies that affect the amounts disclosed in the special purpose schedule of investments. Actual results

The special purpose schedule of investments documents the documented processes and methodologies for determining the fair values of portfolio investments on a recurring basis in accordance with ASC Topic 820 Fair Value Measurements and Disclosures (ASC Topic 820). Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If observable market prices or parameters are available, fair value is based on observable market prices or parameters, or derived from such prices or parameters. If observable market prices or parameters are not available or reliable, valuation techniques are applied.

F-59

MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., an exchange transaction between market participants at the measurement date). In determining fair value, Management uses various valuation techniques, all of which have been approved by the Board. In accordance with GAAP, a fair value hierarchy is used to measure fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs. The lowest level of observable inputs be used when available.

Management uses the highest priority (Level 1) to quoted prices in active markets for identical assets or liabilities and observable inputs (Level 3). An asset or liability's classification within the fair value hierarchy is based on the lowest level input to its valuation. The levels of the fair value hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities, derivative contracts that are traded in an active exchange market, as well as certain U.S. Treasury, other government securities and agency mortgage-backed debt securities that are highly liquid and are actively traded in active markets.

Level 2: Inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes certain U.S. Government and agency mortgage-backed debt securities, corporate debt securities, derivative contracts and residential mortgage loans.

Level 3: Inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private equity investments, retained residual interests in securitizations, residential mortgage servicing rights, and highly illiquid derivative contracts.

The determination of fair value using techniques and observable inputs can vary from investment to investment and is affected by a wide range of factors, including the type and age of investment, and other characteristics particular to the transaction. To the extent that observable inputs are used, the inputs that are less observable or unobservable in the market, the determination of fair value requires the use of significant management judgment. Fair value measurements do not necessarily represent the amounts that may be ultimately realized due to the uncertainty of future cash flows that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those values may be higher or lower than the values that would have been used had a ready market for the securities existed. The use of judgment exercised by Management and the Board in determining fair value is greatest for Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. For disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is classified is based on the lowest level input that is significant to the fair value measurement.

Fair value is measured from the perspective of a market participant rather than an entity-specific measure. When market quotations are not readily available, Management's own assumptions are set to reflect those that would be used by a market participant pricing the asset or liability at the measurement date.

F-60

uses prices and inputs that are current as of the measurement date, including periods of market dislocation, the observability of prices and inputs may be reduced for many periods of market dislocation, the observability of prices and inputs may be reduced for many periods and cause an investment to be reclassified to a lower level within the fair value hierarchy.

Management used internal models in arriving at the determination of fair value of its investments. Newtek NY values its debt and equity investments on an individual basis, using market and income approaches, as

The investment schedule of investments to be assumed by Newtek MD consists primarily of controlled equity investments that the Company owns more than 25%, and debt instruments, primarily Small Business Administration (SBA) 7(a)

Management uses the income approach to determine fair value for its debt investments, as long as it is appropriate. If there is a concern for a debt investment is in workout status, Management may consider other factors in determining the fair value attributable to the debt investment, or the proceeds that would be received in a liquidation analysis.

Management classifies Level 3 performing loans to be Level 3 performing loans if the borrower is not in default, the borrower is remitting payments and is otherwise not deemed to be impaired. In determining the fair value of the performing Level 3 loans, Management used a discounted cash flow (DCF) for each loan using Level 3 inputs, which includes assumptions regarding discount rates, the trends in yields of debt instruments with similar credit ratings, cumulative cash flows, economic conditions and other relevant factors, both qualitative and quantitative. In the event a loan is non-performing, as defined above, Newtek NY will perform a DCF to calculate the fair value of the loan and any collateral of the loan in a liquidation scenario. Inputs to the DCF model for non-cash flowing loans include the fair market value of the collateral, the costs and time to liquidate, and a discount rate. The fair market value of the collateral represents the net recovery management expects to realize through a liquidation scenario. The net present value is estimated time to liquidate and applied in the cash flow model discounted to calculate the net present value. Inputs to the cash flow are entered into the performing loan DCF with an adjustment to prepayment assumption (prepayment) and discounted at an appropriate rate used to account for the increased credit risk associated

For SBA loans that are not yet traded at each measurement date, management elected to fair value SBA loans held for investment that prioritizes observable and unobservable inputs used to measure fair value utilizing Level 2 inputs. For securities with quoted prices that are traded less frequently than exchange-traded instruments or derivatives, management uses a pricing model with inputs that are observable in the market. The secondary market for the guaranteed portion of the loan is broker dealers acting as primary dealers. The Company sells regularly into the market and can liquidate the loan. The Company values the guaranteed portion based on observable market prices for similar

Management uses an internal model that utilizes both the income approach and the market comparable approach. Management averages the two to arrive at a value. The income approach begins with an estimation of the annual cash flows expected over a discrete projection period for the business. The estimated cash flows for each of the years are then converted to their present value equivalent using a rate of return appropriate for the risk of the investment. The present value of the estimated cash flows are then added to the present value equivalent of the investment (any) or the business at the end of the discrete projection period to arrive at an estimate of fair value.

Management uses a valuation technique that provides an estimation of fair value based on a comparison of the Company's value to comparable companies in similar lines of business that are

F-61

t approach, publicly traded guideline companies are first selected and based on these selected multiples are then calculated. A comparison of certain financial metrics between the subject company is then performed. To arrive at the enterprise value of the business on a marketable, selected range of reasonable multiples is chosen and applied to the financial results of the subject

Information about the investments measured at fair value as of March 31, 2014:

	Inputs (Level 1)	Inputs (Level 2)	Inputs (Level 3)	Total
	\$	\$	\$ 93,113	\$ 93,113
			4,182	4,182
		3,987		3,987
			78,951	78,951
	\$	\$ 3,987	\$ 176,246	\$ 180,233

Quantitative information about the significant unobservable inputs of the Level 3 investments as

Fair Value	Valuation Technique	Unobservable Input	Range	
			Minimum	Maximum
\$ 93,113	Discounted cash flow	Market yields	5.38%	5.38%
4,182	Discounted cash flow	Market yields	7.00%	7.00%
78,951	Market comparable companies	EBITDA multiples	3.00x	5.25x
	Market comparable companies	Revenue multiples	0.40x	5.00x
	Discounted cash flow	Weighted Average Cost of Capital	14.50%	20.00%

Inputs used in the discounted cash flow fair value measurement of performing loans is the discount rate and future expected cash flows expected to be received from the underlying loan, which include both principal and interest payments. Internally developed prepayment curves, derived from historical prepayment data were used to estimate future expected cash flows in consideration of prepayment risks associated with the underlying loan. Internally developed loss rates from historical loss data were applied to estimated future expected cash flows in consideration of the underlying loan. Lastly, recovery rates on underlying collateral were developed in the determination of the net cash flows expected to be received in the event of liquidation. Significant changes in the unobservable inputs would result in a change in the fair value of the underlying loan.

Inputs used in the discounted cash flow fair value measurement of non-performing loans is the discount rate and future expected cash flows expected to be received from the underlying loan, which include both principal and interest payments.

ments. Estimated time to liquidate assumptions were applied to estimated future expected cash flows
ies will be received. Significant changes in the unobservable inputs would result in a change in the
ing loan.

uts used in the discounted cash flow fair value measurement of equity investments is the weighted
hted average cost of capital is indicative of the

F-62

demand, on a weighted capital structure basis, for the respective equity investment. Significant changes would result in a change in the fair value estimate of the underlying loan.

Inputs used in the market approach of fair value measurement of equity investments are the market values of the comparable public companies. Using these guideline public companies data, a range of EBITDA or revenue is calculated. Newtek applies said multiple ranges for purposes of deriving an estimate of the fair value of the equity investment. Significant changes in the unobservable inputs would result in a change in the fair value of the equity investment.

Fair value of our portfolio of investments, by industry, as of March 31, 2014

	Investments at Fair Value in (000 \$)	% of Net Assets
Merchant solutions.	\$ 45,650.0	25.3%
	21,600.0	12.0%
Services	6,713.5	3.7%
Creation Industries	6,343.2	3.5%
	5,514.1	3.1%
IT systems and services	5,200.0	2.9%
	4,951.4	2.7%
	4,704.1	2.6%
Technical Services	4,655.7	2.6%
Manufacturing	4,590.9	2.5%
	4,461.6	2.5%
	4,352.8	2.4%
Services	4,252.2	2.4%
	3,394.5	1.9%
Goods	3,159.2	1.8%
	2,800.0	1.6%
Manufacturing	2,526.4	1.4%
Government, institutional and individual customers	2,400.0	1.3%
	2,215.7	1.2%
Consumer Goods	2,198.8	1.2%
	1,999.1	1.1%
	1,871.7	1.0%
Activities	1,833.8	1.0%
	1,754.0	1.0%
Services	1,718.4	1.0%
Construction	1,629.0	0.9%
	1,581.6	0.9%
	1,569.5	0.9%
	24,591.1	13.6%
	\$ 180,232.3	100.0%

n in making investments. Investments will generally consist of debt instruments that may be affected
legal uncertainties. Prices of investments may be volatile, and a variety of factors that are inherently
stic economic and political

F-63

affect the results of the investment and the value of investments. In addition, the value of the general level of interest rates fluctuate.

s may be detrimentally affected to the extent a borrower defaults on its obligations, there is e are extensive legal and other costs incurred in collecting on a defaulted loan. Management may maintaining low loan-to-liquidation values with each loan and the collateral underlying the loan.

NTS

schedule of investments management has evaluated subsequent events and transactions for potential ough August 27, 2014.

F-64

Appendix A

Form of Agreement and Plan of Merger

AN OF MERGER (the Agreement) is made as of this day of September, 2014, by and between
a New York corporation that was originally formed under the name Whitestone Holdings, Inc. (the
Newtek Business Services Corp., a Maryland corporation (the Maryland Corporation).

W I T N E S S E T H:

oration is a corporation duly organized, validly existing and in good standing under the laws of the

oration is a corporation duly organized, validly existing and in good standing under the laws of the

oration owns all the issued and outstanding capital stock of the Maryland Corporation;

ors of the New York Corporation (the New York Board) has determined that, for purposes of
ne New York Corporation in the State of Maryland, it is advisable, to the advantage of and in the
orporation and its shareholders that, pursuant to Section 907(c) and 905 of the New York Business
, the New York Corporation merge with and into the Maryland Corporation upon the terms and
rovided;

ors of the Maryland Corporation (the Maryland Board) has determined that, for purposes of effecting
ork Corporation in the State of Maryland, it is advisable, to the advantage of and in the best interests
its sole shareholder that the New York Corporation merge with and into the Maryland Corporation
conditions herein provided;

y executing this Agreement, to adopt a plan of reorganization within the meaning of Section 368 of
86, as amended (the Code), and to cause the merger described herein to qualify as a reorganization
68 of the Code; and

d and the Maryland Board have each unanimously adopted and approved this Agreement and the
ereto as Exhibit A (the Plan of Merger), and have directed that this Agreement and the Plan of
d to the respective shareholders of the New York Corporation and the Maryland Corporation for

ration of the mutual covenants and agreements contained herein, and intending to be legally bound,
ne Maryland Corporation hereby agree as follows:

l of the shareholders of the New York Corporation in accordance with Section 905, 907(c) and
NYBCL and the sole stockholder of the Maryland Corporation in accordance with the Maryland
MGCL), at such time hereafter as the parties hereto shall mutually agree, the New York Corporation
Maryland Corporation (the Merger), and the Maryland Corporation shall be the surviving company
orporation, in such capacity, the Surviving Corporation). Following the due approval of the Merger

A-1

A-2

rities.

ive Time, by virtue of the Merger and without any action on the part of the holder thereof, each e \$0.02 per share, of the New York Corporation (New York Common Stock) issued and outstanding e Time (including, for the avoidance of doubt, each share of New York Common Stock issued upon he In-the-Money Options pursuant to Section 6(c) below and each share of Restricted Stock vested below) shall be automatically converted into one fully paid and non-assessable share of common of the Maryland Corporation (Maryland Common Stock and the shares of Maryland Common Stock Each share of New York Common Stock held in the treasury of the New York Corporation shall be e.

rk Corporation represents that it has no outstanding shares of Preferred Stock as of the date hereof res of Preferred Stock at the Effective Time.

outstanding and unexercised option to purchase New York Common Stock which has an exercise on the Business Day immediately prior to the Effective Time, that is less than the Per-Share Price, e-Money Option), shall be treated in the Merger as follows:

ssued and outstanding immediately prior to the Effective Time has not otherwise become fully e Effective Time, such In-the-Money Option shall become fully vested and exercisable as of the day immediately preceding the Effective Time;

ncluding, for the avoidance of doubt, the In-the-Money Options that have become vested and oing Section 6(c)(i)), shall be deemed as of such time to have been irrevocably exercised in full by pursuant to which the New York Corporation, when issuing shares of the New York Common Stock n such issuance shares of New York Common Stock with an aggregate value (when valued at the v)) equal to the sum of (x) the aggregate exercise price payable upon such exercise, in lieu of the exercise price in cash, and (y) any applicable tax withholding;

ng Section 6(c)(ii), with respect to the aggregate number of shares of New York Common Stock to exercise of In-the-Money Options, no fraction of a share of New York Common Stock shall be issued f any holder of an In-the-Money Option would otherwise have been entitled to receive a fraction of stock pursuant to Section 6(c)(ii), such holder shall be entitled to receive a cash payment with respect ount equal to the product of such fraction multiplied by the Per-Share Price. The payment of cash to ons in lieu of fractional shares of New York Common Stock is not separately bargained for solely for the purpose of saving the New York Corporation the expense and inconvenience of l shares of New York Common Stock.

In-the-Money Option of the shares of New York Common Stock (or cash in lieu of a fractional ashless exercise of such In-the-Money Option pursuant to this Section 6(c) shall be conditioned e Company of a release (each, a Release) by the holder of the relevant In-the-Money Option spect to the relevant In-the-Money Option. Subject to the execution and delivery of a Release by the n, all shares of New York Common Stock issued to such holder upon the deemed exercise of o this Section 6(c) shall be considered issued and outstanding at the Effective Time for purposes of ssuance of Merger Shares with respect to the New York Common Stock received upon the

A-3

Money Options, no payment, assumption or conversion with respect to the In-the-Money Options shall

nt, the term "Per-Share Price" means the last price at which a share of New York Common Stock last immediately preceding the Effective Time on the principal national securities exchange on which the listed.

Each outstanding and unexercised option to purchase New York Common Stock which has an exercise price on the Business Day immediately prior to the Effective Time, that is greater than the exercise price of the Out-of-the-Money Option, shall be treated in the Merger as follows:

If an option has not otherwise become fully vested and exercisable prior to the Effective Time, such option shall become fully vested and exercisable as of the close of business on the calendar day immediately

prior to the Effective Time (including, for the avoidance of doubt, options that have become vested and exercisable pursuant to the foregoing Section 6(d)(i)), shall be entitled to receive a payment in cash equal to \$0.02 per share of New York Common Stock for which the option is exercisable; provided, however, that the New York Corporation shall reduce the amount payable to the option holder for the Out-of-the-Money Option by any applicable tax withholding;

The cash payment for an Out-of-the-Money Option of the amount of cash described in the foregoing Section 6(d)(ii) shall be made by the delivery to the Company of a Release by the holder of the relevant Out-of-the-Money Option in exchange for the cash payment with respect to the relevant Out-of-the-Money Option. Except for the right to receive the cash payment described above, no other payment, assumption or conversion with respect to the Out-of-the-Money Options shall occur

On the Business Day immediately prior to the Effective Time, the restrictions on each share of the New York Corporation's Restricted Stock shall immediately lapse and, at the Effective Time, such vested shares of New York Common Stock shall be included in the Merger Consideration at the Effective Time in accordance with Section 6(a) above.

Notwithstanding the deemed cashless exercise of In-the-Money Options pursuant to Section 6(c), the cancellation and conversion of Out-of-the-Money Options into the right to receive a cash payment pursuant to Section 6(d), and the lapsing of the restrictions on the Restricted Stock pursuant to Section 6(e) shall be conditional upon the consummation of the Merger such that, in the event the Merger is not consummated and this agreement is terminated, the In-the-Money Options, the Out-of-the-Money Options and the Restricted Stock shall in all respects revert to the terms in effect prior to the calendar day immediately prior to the Effective Time. Notwithstanding the exercise and related issuances of New York Common Stock, the conversion of Out-of-the-Money Options into the right to receive a cash payment pursuant to Section 6(d), and all lapsing of the restrictions on the Restricted Stock, shall be null and void.

Maryland Corporation. At the Effective Time, all of the shares of Maryland Common Stock issued and outstanding as of the Effective Time shall be canceled and retired and resume the status of authorized and unissued shares of Maryland Common Stock, and no shares of Maryland Common Stock or other securities of the Maryland Corporation shall be issued or sold.

After the Effective Time, all of the outstanding certificates which prior to that time represented shares of Maryland Common Stock shall be deemed for all purposes to evidence ownership of the shares of Maryland Common Stock into which the shares of Maryland Common Stock represented by such certificates have been converted as herein provided. The

d records of the Maryland Corporation or its transfer agent of any such outstanding stock certificate

A-4

surrendered for transfer or otherwise accounted for to the Maryland Corporation or its transfer agent, any voting and other rights with respect to and to receive any dividend and other distributions upon the Stock evidenced by such outstanding certificates as above provided. Each certificate representing the legends, if any, with respect to the restrictions on transferability as the certificates representing converted and given in exchange therefor, unless otherwise determined by the board of directors of the corporation with applicable laws, and any additional legends required by applicable Blue Sky laws. If any New York Common Stock is to be issued in a name other than that in which the certificate surrendered in exchange therefor shall be a condition of issuance thereof that the certificate so surrendered shall be properly converted into form for transfer, that such transfer otherwise be proper and that the person requesting such transfer shall pay any transfer or other taxes payable by reason of the issuance of such new certificate in a name other than the name on the certificate surrendered or establish to the satisfaction of the Maryland Corporation that such tax

Stock. All shares of Maryland Common Stock into which New York Common Stock is to be converted shall not be subject to any statutory or contractual preemptive rights, shall, when issued, be validly issued and shall be issued in full satisfaction of all rights pertaining to such New York Common Stock.

From and after the Effective Time, no holder of New York Common Stock immediately prior to the Effective Time shall have any rights with respect to those shares, other than the right to receive the shares of Maryland Common Stock that would have been issued if the New York Common Stock had not been converted pursuant to the Merger.

Termination. At any time before the Effective Time, this Agreement may be terminated and the Merger may be abandoned if the New York Board or the Maryland Board, or both, notwithstanding approval of this Agreement by the sole director of the Maryland Corporation and the shareholders of the New York Corporation.

Notwithstanding anything to the contrary provided in this Agreement, nothing herein expressed or implied is intended or shall be construed to bind the Maryland Corporation, its officers or corporation, other than the parties hereto or their respective successors and assigns, any way in connection with or as a result of this Agreement.

Representation. The Maryland Corporation covenants and agrees that, on or before the Effective Time of the Merger,

the Maryland Corporation shall, as a foreign corporation in the State of New York and in connection therewith irrevocably appoint an agent for service of process in New York under the provisions of the NYBCL;

the Maryland Corporation shall file with the New York Division of Corporations necessary for the assumption by the Maryland Corporation of the tax liabilities of the New York Corporation; and

any other actions that may be required by the NYBCL in connection with the Merger.

The principal office of the Surviving Corporation in the State of Maryland is located at c/o CSC-Lawyers, 17 St. Paul Street, Suite 1660, Baltimore, MD 21202; and CSC-Lawyers Incorporating Service, 17 St. Paul Street, Suite 1660, Baltimore, MD 21202, is the principal office of the Surviving Corporation at such address.

of this Agreement shall be on file at the principal place of business of the Surviving Corporation at New York, New York 10001, and copies thereof shall be furnished to any shareholder of either request and without cost.

ment shall in all respects be construed, interpreted and enforced in accordance with and governed by

poration shall pay all expenses of carrying this Agreement into effect and accomplishing the

[Remainder of Page Left Blank Intentionally]

A-6

parties hereto, intending to be legally bound hereby, have caused this Agreement to be executed as of
ten.

NEWTEK BUSINESS SERVICES, INC.,

a New York corporation

By:

Name:

Title:

ATTEST:

By:

Name:

Title:

NEWTEK BUSINESS SERVICES CORP.,

a Maryland corporation

By:

Name:

Title:

ATTEST:

By:

Name:

Title:

A-7

Exhibit A

to Merger Agreement

PLAN OF MERGER

parties to this Plan of Merger: (i) Newtek Business Services, Inc., a New York Corporation (the New York Corporation) and (ii) Newtek Business Services Corp., a Maryland Corporation (the Maryland Corporation).

The Maryland Corporation was originally formed under the name Whitestone Holdings, Inc.

The New York Corporation owns all of the outstanding shares of the Maryland Corporation.

The New York Corporation is authorized to issue (a) 54,000,000 shares of common stock, par value \$0.02 per share (New York Common Stock) shares are issued and outstanding as of the date hereof and entitled to vote as a single class, and (b) 54,000,000 shares of common stock, par value \$0.02 per share, of which zero (0) shares are issued and outstanding as of the date hereof and entitled to vote as a single class. The New York Corporation is authorized to issue, upon the exercise of the New York Corporation's outstanding options, up to [] shares of common stock of the New York Corporation.

The Maryland Corporation is authorized to issue 200,000,000 shares of common stock, par value \$0.02 per share (Maryland Common Stock) shares are issued and outstanding as of the date hereof and entitled to vote as a single class.

As a result of the Merger (as defined below), the New York Corporation shall be merged with and into the Maryland Corporation (the Maryland Corporation) and the Maryland Corporation shall continue as the surviving corporation in the Merger.

As of the Effective Time, all of the shares of Maryland Common Stock outstanding as of the date hereof shall thereupon be canceled.

As of the Effective Time, each outstanding share of New York Common Stock shall be deemed to be a share of Maryland Common Stock.

Each holder of New York Common Stock may thereupon surrender the share certificate or certificates to the Secretary of the New York Corporation and be entitled to receive in exchange therefor a certificate or certificates representing the number of shares of Maryland Common Stock into which the shares of New York Common Stock theretofore represented by a certificate or certificates have been converted.

Each holder of New York Common Stock who has exercised an unexercised option to purchase New York Common Stock which has an exercise price, as of the close of business immediately prior to the Effective Time, that is less than the Per-Share Price, as defined below (each, a "Call Option"), shall be treated in the Merger as follows:

If a Call Option has not otherwise become fully vested and exercisable prior to the Effective Time, such Call Option shall become fully vested and exercisable as of the close of business on the calendar day immediately

following the Effective Time (including, for the avoidance of doubt, Call Options that have become vested and exercisable pursuant to the foregoing Section 9(a)), shall be deemed as if they had been fully exercised in full by means of a cashless exercise pursuant to which the New York Corporation, upon the exercise of New York Common Stock upon exercise, will withhold from such issuance shares of New York Common Stock.

then valued at the Per-Share Price (as defined below)) equal to the sum of (x) the aggregate exercise price, in lieu of the payment by the holder of such exercise price in cash, and (y) any applicable tax

A-8

g Section 9(b), with respect to the aggregate number of shares of New York Common Stock to be e of In-the-Money Options, no fraction of a share of New York Common Stock shall be issued ny holder of an In-the-Money Option would otherwise have been entitled to receive a fraction of a ck pursuant to Section 9(b), such holder shall be entitled to receive a cash payment with respect to t equal to the product of such fraction multiplied by the Per-Share Price. The payment of cash to the in lieu of fractional shares of New York Common Stock is not separately bargained for solely for the purpose of saving the New York Corporation the expense and inconvenience of l shares of New York Common Stock;

In-the-Money Option of the shares of New York Common Stock (or cash in lieu of a fractional ashless exercise of such In-the-Money Option pursuant to this Section 9 shall be conditioned upon mpany of a release (each, a Release) by the holder of the relevant In-the-Money Option releasing all relevant In-the-Money Option. Subject to the execution and delivery of a Release by the holder of an of New York Common Stock issued to such holder upon the deemed exercise of In-the-Money shall be considered issued and outstanding at the Effective Time for purposes of the Merger such er Shares with respect to the New York Common Stock received upon the deemed exercise of the ent, assumption or conversion with respect to the In-the-Money Options shall occur in the Merger.

nt, the term Per-Share Price means the last price at which a share of New York Common Stock last ediate preceding the Effective Time on the principal national securities exchange on which the led.

icised option to purchase New York Common Stock which has an exercise price, as of the close of mediate prior to the Effective Time, that is greater than the Per-Share Price (each, an all be treated in the Merger as follows:

tion has not otherwise become fully vested and exercisable prior to the Effective Time, such become fully vested and exercisable as of the close of business on the calendar day immediately

on issued and outstanding immediately prior to the Effective Time (including, for the avoidance of tions that have become vested and exercisable pursuant to the foregoing Section 10(a)), shall be nt to receive a payment in cash equal to \$0.02 per share of New York Common Stock for which s exercisable; provided, however, that the New York Corporation shall reduce the amount payable to Option by any applicable tax withholding;

Out-of-the-Money Option of the amount of cash described in the foregoing Section 10(b) shall be delivery to the Company of a Release by the holder of the relevant Out-of-the-Money Option. e cash payment described in Section 10(b), no other payment, assumption or conversion with respect shall occur in the Merger.

ctive Time, the restrictions on each share of the New York Corporation s restricted stock shall eective Time, such vested shares of New York Common Stock shall be converted into the right to a at the Effective Time in accordance with Section 7 above.

A-9

the New York Corporation immediately preceding the Merger shall be the officers and directors of immediately following the Merger.

of the Maryland Corporation as in effect immediately preceding the Merger shall continue in full Incorporation of the surviving corporation.

Corporation as in effect immediately preceding the Merger shall continue in full force and effect as oration.

orporation shall be Newtek Business Services Corp. , a Maryland Corporation.

upon the later of (a) the filing of a certificate of merger with the office of the New York Secretary provisions of Section 905 of the New York Business Corporations Act, (b) the filing of a duly the State Department of Assessments and Taxation of the State of Maryland in accordance with the 3-107 of the Maryland General Corporation Law, or (c) at such later time as specified in the New e Maryland articles of merger (the date and time of the later of such filings, or such later-specified o as the Effective Time).

[Remainder of Page Left Blank Intentionally]

A-10

Appendix B

Form of Newtek Business Services Corp. 2014 Stock Incentive Plan

advance the interests of the Company through providing select Employees, Employee Directors and the opportunity to acquire Common Stock. By encouraging such stock ownership, the Company seeks the best available personnel for positions of substantial responsibility and to provide additional services of the business. The Plan is not tax-qualified under Section 401(a) of the Code.

Definitions shall apply.

Investment Company Act of 1940, as amended, and the rulings issued and regulations thereunder.

Accounting account maintained by the Company in the name of a Participant.

Corporation or other entity that stands in a relationship to the Company that would result in the Company being treated as one employer under Section 414(b) or Section 414(c) of the Code. The amendments provide that different ownership thresholds apply (consistent with Section 409A of the Code) to the foregoing provisions of this definition, except as otherwise determined by the Board, a corporation or partnership may be treated as an employee of the Company only if its employees would be treated as employees of the Company for purposes of the rules of Section 409A of the Code, as amended, with respect to the use of Form S-8.

Written agreement entered into in accordance with Section 5(c) of the Plan.

Award awarded pursuant to the Plan.

Board of Directors of the Company, as the same may be constituted from time to time.

Mean any one of the following events: (i) the acquisition following the Effective Date of ownership, of more than 25% of the Company's voting shares by any person or persons acting as a group (within the meaning of Section 13(d) of the Securities Exchange Act of 1934), (ii) the acquisition of the ability to control the election of a person or persons acting as a group (within the meaning of Section 13(d) of the Securities Exchange Act of 1934) or of a controlling influence over the management or policies of the Company by any person or by any group of persons acting as a group (within the meaning of Section 13(d) of the Securities Exchange Act of 1934), or (iv) during any period of 12 months (the Continuing Directors) who at the beginning of such period constitute the Board (the Existing Directors) constitute at least two-thirds thereof, provided that any individual whose election or nomination for membership on the Board was approved by a vote of at least two-thirds of the Continuing Directors then in office at the time of such election or nomination. For purposes of defining Change in Control, the term person refers to an individual or a partnership, joint venture, pool, syndicate, sole proprietorship, unincorporated organization or any other entity listed herein. The decision of the Committee as to whether a Change in Control has occurred shall be final.

Internal Revenue Code of 1986, as amended, and the rulings issued and regulations promulgated thereunder.

B-1

Compensation, Corporate Governance and Nominating Committee appointed by the Board in
eof.

the common stock, par value \$0.02 per share, of the Company.

tek Business Services Corp., and its successors and assigns.

mean the absence of any interruption or termination of service as an Employee, Employee Director or
not be considered interrupted in the case of sick leave, military leave or any other leave of absence
transfers between payroll locations of the Company or between the Company or a successor, provided
performing services for the Company.

member of the Board.

physical or mental condition, which in the sole and absolute discretion of the Committee, is reasonably
and to substantially prevent a Participant from fulfilling his or her duties or responsibilities to

the date specified in Section 12 hereof.

person employed by the Company.

mean any member of the Board who is an Employee.

the price per Optioned Share at which an Option may be exercised.

which an Agreement identifies as an incentive stock option within the meaning of Section 422 of the
requirements under Section 422 of the Code to qualify as an incentive stock option.

the fair market value of the Common Stock, as determined under Section 7(b) hereof.

shall have the meaning provided in Rule 16b-3.

option to purchase Common Stock which meets the requirements set forth in the Plan but which an
is an ISO or which by operation or the terms of grant fails to satisfy the requirements of Section 422

officer of the Company.

or a Non-ISO.

shares of Common Stock subject to an Option granted pursuant to this Plan.

person who receives an Award pursuant to the Plan.

tek Business Services Corp. 2014 Stock Incentive Plan.

B-2

in a full twelve-month period, measured from the grant date of an Award and each annual anniversary if the Participant has not terminated Continuous Service for any reason.

OPTIONS.

shall remain in effect until terminated by the Board. Termination of the Plan shall not affect any Awards already granted. Such Awards shall remain valid and in effect in accordance with their terms until they have been exercised, expire or are forfeited. No Option shall be granted under the Plan after ten years from the Effective Date of the Plan.

Each Option granted under the Plan shall be established by the Committee, but shall not exceed 10% of the unexercised Options of an Employee who owns Common Stock representing more than 10% of the outstanding Common Stock. If an Option is granted, the term of such ISO shall not exceed five years.

AVAILABILITY OF SHARES TO THE PLAN.

Under Section 9, the aggregate number of shares of Common Stock deliverable pursuant to Awards shall not exceed 1,000,000 shares of Common Stock. Such shares may either be authorized but unissued shares or shares that have been issued but not yet sold. If an Award should expire, become unexercisable, or be forfeited for any reason, the shares subject to the Award shall, if not already sold, be available for the grant of additional Awards under the Plan.

ADMINISTRATION OF THE PLAN.

The Plan shall be administered by the Committee, appointed by the Board, and consisting of at least three members, two of whom shall be Non-Employee Directors. Members of the Committee shall serve at the pleasure of the Board. In the absence of a duly appointed Committee, the Plan shall be administered by the Board.

Except as limited by the express provisions of the Plan or by resolutions adopted by the Board, the Committee shall have complete authority and discretion (i) to select Participants and grant Awards, (ii) to determine the terms and conditions of Awards issued under the Plan, (iii) to interpret the Plan, (iv) to prescribe, amend and rescind rules and regulations governing the administration of the Plan, and (v) to make other determinations necessary or advisable for the administration of the Plan. The Committee may also exercise such other power and authority as may be delegated to it by the Board from time to time. The Committee may also delegate its power and authority to a sub-committee or, with respect to Participants who are not elected Officers of the Company, to one or more Officers, subject to guidelines established by the Board. The Committee may also delegate its power and authority to a sub-committee consisting of at least two Non-Employee Directors within the meaning of Section 162(m) of the Code, with respect to the grant or administration of Awards. The Committee may also exercise its power and authority to make performance-based compensation within the meaning of Section 162(m) of the Code. A majority of the Committee shall constitute a quorum and the action of a majority of the members present at any meeting at which a quorum is present shall be deemed the action of the Committee, provided that such action is recorded in writing by a majority of the Committee without a meeting, shall be deemed the action of the Committee.

The Plan shall be evidenced by an Agreement containing such provisions as may be approved by the Committee. The Committee may also enter into a binding contract between the Company and the Participant, and every Participant, upon the terms and conditions of the Plan, shall be bound by the terms and restrictions of the Plan and of such Agreement. The terms of each such Agreement shall be consistent with the Plan, but each Agreement may include such additional provisions and restrictions as the Committee may, in its discretion, provided that such additional provisions and restrictions are not inconsistent with the Plan.

B-3

er, the Committee shall set forth in each Agreement (i) the Exercise Price of an Option, (ii) the stock subject to, and the expiration date of, the Option, (iii) the manner, time and rate (cumulative or of such Option, (iv) the restrictions, if any, to be placed upon such Option, or upon shares of issued upon exercise of such Option, and (v) whether the issuance or vesting of any shares of upon the achievement of certain performance metrics. The Chairman of the Committee and such other designated by the Committee are hereby authorized to execute Agreements on behalf of the e delivered to the recipients of the Awards.

Decisions. All decisions, determinations and interpretations of the Committee shall be final and d thereby.

o such other rights of indemnification as they may have, the members of the Committee shall be onnection with any claim, action, suit or proceeding relating to any action taken or failure to act Plan or any Award, granted hereunder to the full extent provided for under the Company s governing es with respect to the indemnification of Directors.

e shall have the discretion to grant Employees, Employee Directors and Officers Options to purchase subject to any restrictions or conditions imposed pursuant to Sections 5 or 15 of this Plan, provided, Officers who are not also Employees or Employee Directors. Options may not be granted to any / employee, director or officer of any Affiliate who is not also an Employee, Employee Director or

Aggregate Market Value, as of the date an Option is granted, of the shares of Common Stock with able for the first time by an Employee during any calendar year (under all incentive stock option of the Code, of the Company or any present or future Affiliate of the Company) shall not exceed ogoing, the Committee may grant Options in excess of the foregoing limitations, in which case f such limitation shall be Options which are Non-ISOs.

umber of Optioned Shares granted to an Employee, Employee Director, or Officer during any e million shares.

IONS.

on. The Exercise Price for an Option shall not be less than 100% of the Market Value of the grant. In the case of an ISO to be granted to an Employee who owns shares of Common Stock e Company s outstanding Common Stock at the time an ISO is granted, the Exercise Price shall not Value of the Optioned Shares on the date of grant.

Exercise Price. If the Common Stock is listed on a national securities exchange (including the e date in question, then the Market Value per Share shall be the average of the highest and lowest n such date, or if there were no sales on such date, then the Exercise Price shall be the average of the n such exchange on the last date on which a Share was sold. If the Common Stock is not traded on a e date in question, then the Market Value per Share shall be its fair market value as determined by olute discretion in accordance with Section 409A of the Code.

B-4

Committee specifically eliminates any vesting requirement or imposes a different vesting schedule in an Option shall become vested and exercisable according to the following schedule:

Service	Vested Percentage (applied to Optioned Shares)
	0%
	25%
	50%
	75%
	100%

Each Participant shall become fully (100%) vested immediately (i) upon termination of the employment due to the Participant's Disability or death, or (ii) upon a Change in Control or, if earlier, the termination to effect a Change in Control. An Option may not be exercised for a fractional Share.

A Participant may exercise an Option in whole or in part, subject to provisions relative to its termination, and may exercise the Option only by delivery to the Committee or its designee, in accordance with procedures for the exercise of Options established from time to time, of (i) written notice of intent to exercise the Option with respect to a portion of the Optioned Shares of Common Stock, (ii) payment to the Company (contemporaneously with delivery of such notice) for the number of shares of Common Stock with respect to which the Option is then being exercised, as determined and permitted by the Board and if permitted by the 1940 Act and otherwise legally permissible, (iii) cash or cash equivalents, or other shares of Common Stock or such other means of payment that may be acceptable to the Board, or (D) in any combination of the foregoing, (iii) such representations and documents as are necessary or advisable to effect compliance with applicable Federal or state securities laws or regulations; and (iv) in the event that the Option or portion thereof is exercised by an individual other than the Participant, appropriate proof of the right of such individual to exercise the Option. Payment for the Option (and payment where required) shall be delivered, or mailed by prepaid registered or certified mail, to the Participant at the executive offices of the Company at its executive offices. Common Stock utilized in full or partial payment of the Option shall be valued at their Market Value at the date of exercise. Notwithstanding the foregoing, if the Option is exercised by the Participant upon exercise of one or more previously exercised Options, but only if such Option has been held by the Participant for at least six months, or such other period of time as is required, in the opinion of the Board, to avoid adverse financial accounting results.

Except to the extent otherwise provided herein or in the terms of an Agreement, an Option may be exercised only while the Participant has maintained Continuous Service from the date of the grant of the Option, or within ninety days after the date of termination of Continuous Service (but not later than the date on which the Option would otherwise expire). The Participant's rights to exercise such option shall expire:

Termination of the Participant's Continuous Service due to "Just Cause" which for purposes hereof shall have the same meaning as provided in the Participant's employment, consulting, severance, retention, change-in-control or similar written agreement with the Company or an Affiliate (and, in the absence of any such agreement, shall mean termination because of fraud, dishonesty, incompetence, willful misconduct, breach of fiduciary duty, intentional failure to perform

B-5

law, rule or regulation (other than traffic violations or similar offenses), as determined by the court pursuant to a final cease-and-desist order;

notification by the Committee that the Participant has violated a non-competition provision contained in a consulting, or other written agreement between the Participant and the Company or an Affiliate;

which the Participant's Continuous Service terminates due to his death (but not later than the date on which the Option expires), during which time the Option may be exercised (to the extent that the Participant would have exercised the Option immediately prior to his death) by the personal representatives of his estate or person or persons to whom the Option shall have passed by will or by the laws of descent and distribution; or

the termination of Participant's Continuous Service for reasons other than Just Cause or death of the Participant.

Decisions. The Committee's determination whether a Participant's Continuous Service has ceased, and the date of cessation, shall be final and conclusive on all persons affected thereby.

EFFECT OF CHANGES IN COMMON STOCK SUBJECT TO THE PLAN.

Immediately prior to a Change in Control or, if earlier, the execution of a definitive agreement to effect a Change in Control, the Awards shall become fully exercisable notwithstanding any other provision of the Plan or any Agreement.

Adjustments. In the event any recapitalization, forward or reverse split, reorganization, merger, acquisition, repurchase, or exchange of shares of Common Stock or other securities, any stock dividend or cash dividend or distribution (whether in the form of cash, securities or other property), liquidation, dissolution, or other corporate action or events, affects the Common Stock such that an adjustment is appropriate in order to preserve the relative rights of Participants under the Plan, then the Committee shall make equitable adjustment in the number of shares of Common Stock deemed to be available thereafter for grants of Awards under this Plan, (ii) the number of shares of Common Stock to be delivered or deliverable in respect of outstanding Awards, and (iii) the exercise price to preserve the relative value of rights.

Company is Not the Surviving Entity. In the event of (i) the liquidation or dissolution of the Company, in which the Company is not the surviving entity, or (iii) the sale or disposition of all or substantially all of the assets of the Company, (ii) the sale or disposition of all or substantially all of the foregoing to be referred to herein as a Transaction, all outstanding Awards, together with the number of shares of Common Stock to be delivered or deliverable, shall be equitably adjusted for any change or exchange of shares of Common Stock for a different number or class of shares of Common Stock which results from the Transaction, and the forfeiture provisions set forth in Sections 8(c)(2) and 8(c)(3) shall be null and void.

Any adjustment made pursuant to subsections (a) or (b) hereof shall be made in such a manner as not to increase the value of the Award, within the meaning of Section 424(h) of the Code.

Adjustment for New, Additional, or Different Shares or Securities. If, by reason of any adjustment made pursuant to subsection (a) hereof, a Participant becomes entitled to new, additional, or different shares of stock or securities, then, except as expressly provided otherwise, such new, additional, or different shares of stock or securities shall thereupon be subject to all of the provisions of the Plan which were applicable to the shares of Common Stock pursuant to the Award before the adjustment was made.

expressly provided in this Section, the issuance by the Company or an Affiliate of shares of stock of any class convertible into stock of another class, for cash or property or for labor or services either upon direct sale or exercise of warrants to subscribe therefor, shall not affect, and no adjustment shall be made with respect to, the number of shares of Common Stock then subject to Awards or reserved for issuance under the Plan.

The Exercise Price of and number of shares of Common Stock subject to outstanding Options shall be adjusted in the event of the payment of a special, nonrecurring dividend that has the effect of a return of capital to the Company.

AWARDS.

Notwithstanding any assignment, hypothecated, transferred or disposed of in any manner other than by will or by the laws of the state of Delaware, and notwithstanding the foregoing, or any other provision of this Plan, a Participant who holds Non-ISOs may, at his or her election, transfer such Non-ISOs to his or her spouse, lineal ascendants, or to a duly established trust for the benefit of one or more of these persons. Awards which are transferred may thereafter be transferred only to the Participant who originally received the grant or to another Participant who could have initially transferred the Awards pursuant to this Section 10. Awards which are transferred pursuant to this Section 10 shall be exercisable or earned by the transferee according to the same terms and conditions as if the Awards had not been transferred. Notwithstanding any other provision of this Plan to the contrary, Common Stock that is received pursuant to the exercise of an Award within the six-month period following the grant date of that Award, except in the event of the death of the Participant or such other event as the Board may specifically deem appropriate.

OPTIONS.

The Vesting Date shall, for all purposes, be the later of the date on which the Committee makes the determination of the Vesting Date and the Effective Date. Notice of the determination shall be given to each Participant to whom an Option is so granted within 30 days after the date of such grant.

The Plan was adopted by the Board on _____, 2014, but its effectiveness and the effectiveness of any Awards granted hereunder are contingent upon the consummation of the merger of Newtek Business Services, Inc. into the Company and the Company's continued status as a business development company under the 1940 Act, and the Plan's approval by a majority of the total votes cast at a duly called meeting of the Company's shareholders held in accordance with the Company's Bylaws.

MODIFICATIONS.

Notwithstanding anything to the contrary herein, the Board may authorize the Committee to direct execution of an instrument providing for the modification of an Option, provided no such modification shall confer on the holder of said Option any right or benefit greater than that which he or she would be entitled to by the grant of a new Option at such time, impair the Option without the consent of the holder of the Option, or result in the reduction of the Exercise Price for the Option.

TERMINATION OF THE PLAN.

The Board may amend the terms of the Plan and, with respect to any shares of Common Stock at the time not yet awarded, terminate the Plan. No amendment, suspension or termination of the Plan shall, without the consent of the Board, alter or impair the balance credited to the Participant's Account or any rights or obligations under the Plan.

B-7

ANCE OF SHARES OF COMMON STOCK.

aws. Common Stock shall not be issued with respect to any Option unless the issuance and delivery shall comply with all relevant provisions of law, including, without limitation, the Securities Act of regulations promulgated thereunder, any applicable state securities law, and the requirements of any shares of Common Stock may then be listed.

ability of the Company to obtain approval from any regulatory body or authority deemed by the ary to the lawful issuance and sale of any shares of Common Stock hereunder shall relieve the ect of the non-issuance or sale of such shares of Common Stock. As a condition to the exercise of an ire the person exercising the Option to make such representations and warranties as may be ty of an exemption from the registration requirements of federal or state securities law.

The Company shall have the right to cause the forfeiture of the Common Stock issued upon exercise Exercise Price paid by the Participant if the Participant breaches a non-competition provision in any ng or other written agreement between the Participant and the Company or an Affiliate. If a shares of Common Stock, the Company may seek compensatory damages from the Participant, as e for the sale to the Company of such other shares of Common Stock that the Participant owns or ecessary to provide the Company with the recovery contemplated in the preceding sentence).

committee shall have the discretionary authority to impose in Agreements such restrictions on shares n appropriate or desirable, including but not limited to the authority to impose a right of first refusal, or to pay a Participant the in-the-money value of his or her Option in consideration for its ctions.

ES OF COMMON STOCK.

f the Plan, will reserve and keep available a number of shares of Common Stock sufficient to satisfy

liver shares of Common Stock or make cash payments pursuant to an Award shall be subject to the plicable federal, state and local income and employment tax withholding obligations. To the extent withhold any federal, state or local income and employment taxes in respect of any compensation t in respect of Common Stock acquired pursuant to an Award, or in respect of any Common Stock any shall deduct from any payments of any kind otherwise due to such Participant the aggregate local income and employment taxes required to be so withheld. If no such payments are due or to or if such payments are insufficient to satisfy such federal, state or local income or employment e required to pay to the Company, or make other arrangements satisfactory to the Company ny of, the aggregate amount of any such taxes. The Committee, in its discretion, may permit the on, in whole or in part, by irrevocably electing to have the Company withhold shares of Common ny shares of Common Stock that he already owns, having a value equal to the amount required to be of Common Stock to be withheld, or delivered to the Company, shall be based on the Market Value e the amount of tax to be withheld is determined. As an alternative, the Company may retain, or sell shares of Common Stock sufficient to cover the amount required to be withheld.

TS.

ing or dividend rights or other rights of a shareholder in respect of any shares of Common Stock
time said shares are actually distributed to him.

HER RIGHTS.

, Employee Director s or Officer s eligibility to participate or participation in the Plan create or be
uitable right of the Employee, Employee Director, Officer or any other party to continue service with
o Employee, Employee Director or Officer shall have a right to be granted an Award or, having
gain be granted an Award. However, an Employee, Employee Director or Officer who has been
ise eligible, be granted an additional Award or Awards.

NSHIP.

rd has any duty to manage or operate the Plan to maximize the benefits granted hereunder, but rather
er to make all management and operational decisions based on their determination of the respective
shareholders and the Participants. The Plan shall not be construed to create any fiduciary
r the Committee and the Participants.

ld invalid or unenforceable, such determination shall not affect the remaining parts of the Plan, and
onstrued as if such provision had not been included.

ded to contravene any portion of the 1940 Act, and in the event of any conflict between the
ard and the 1940 Act, the applicable Section of the 1940 Act shall control and all Awards under the
rticipants holding such modified Awards shall be notified of the change to their Awards and such
Participants. At all times during such periods as the Company qualifies or is intended to qualify as a
, no Award may be granted under the Plan if the grant of such Award would cause the Company to
wise approved for grant, shall be void and of no effect.

aw shall be deemed to apply, the Plan shall be governed by and construed in accordance with the
cluding any conflicts or choice of law principle that might otherwise refer construction or
er jurisdiction. Unless otherwise provided in an Agreement, recipients of an Award under the Plan
usive jurisdiction and venue of the Federal or state courts of the State of New York to resolve any
te to the Plan or any Award.

B-9

[PRELIMINARY PROXY CARD]

**SPECIAL MEETING OF STOCKHOLDERS OF
NEWTEK BUSINESS SERVICES, INC.**

[], 2014

**PROXY VOTING
INSTRUCTIONS**

proxyvote.com and follow the on-screen instructions. Have your proxy card available when you access

800-PROXIES (1-800-776-9437) in the United States or [1-718-921-8500] from foreign countries and follow the instructions. Have your proxy card available when you call.

EST the day before the meeting.

proxy card in the envelope provided as soon as possible.

ur shares in person by attending the Special Meeting.

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

NUMBER

NUMBER

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

rated line and mail in the envelope provided **IF** you are not voting via telephone or the Internet. i

RECTORS RECOMMENDS A VOTE FOR PROPOSALS I-V.

**RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE
VOTE IN BLUE OR BLACK INK AS SHOWN HERE x**

...nt by and between Newtek Business
 and Newtek Business Services Corp, a
 ...rpose of reincorporating the
 ...d (the Reincorporation Transaction)
 the Company to be regulated as a
 ...nder the Investment Company Act of
 ...ection).

FOR	AGAINST	ABSTAIN
..

...it to be implemented prior to the
 ...rsuant to which each stockholder will
 ... stock in exchange for no fewer than
 ...x shares owned at that time, with the
 ...e Company s Board of Directors.

FOR	AGAINST	ABSTAIN
..

...rize the Company, with the approval
 ...shares of its common stock
 ...at a price or prices below its then
 ...n one or more offerings, subject to
 ...he Proxy Statement.

FOR	AGAINST	ABSTAIN
..

...new equity compensation plan, which
 ...t to the BDC Election.

FOR	AGAINST	ABSTAIN
..

...f the Special Meeting, if necessary or
 ...proxies in favor of any or all of the
 ...ot sufficient votes for the foregoing

FOR	AGAINST	ABSTAIN
..

...s as may properly come before the

...ccount, please check the box at right
 ...the address space above. Please note ..
 ...ne(s) on the account may not be

Check here if you plan to attend the Special Meeting: ..

Date:

Signature of Shareholder

Date:

¢

Edgar Filing: BEMIS CO INC - Form 424B2

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

NEWTEK BUSINESS SERVICES, INC.

SPECIAL MEETING OF SHAREHOLDERS

[], 2014

PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

of Newtek Business Services, Inc. (the Company) hereby appoints [Barry Sloane and David C.], 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 the New York City Office, 35th Street, 2nd Floor, New York, NY 10018 on [], 2014 at [] a.m., local time, and for all other business thereof, as indicated below and as determined by a majority of the Board of Directors with respect to the Special Meeting to be held on the date and at the time and place named above.

Unless otherwise directed, but if no instructions are specified, this proxy will be voted for all of the proposals presented at the Special Meeting as to which this proxy confers discretionary authority, this proxy is authorized to vote as named in this proxy as determined by a majority of the Board of Directors. At the present time, the undersigned knows of no other business to be presented at the Special Meeting.

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

14475 ¢