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As filed with the Securities and Exchange Commission on March 17, 2011

Securities Act File No. 333-166363

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-2

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 ☒
Pre-Effective Amendment No. 3 ☒
Post-Effective Amendment No. ☐

OFS CAPITAL, LLC

(Exact Name of Registrant as Specified in Charter)

2850 West Golf Road, 5th Floor
Rolling Meadows, Illinois 60008
(Address of Principal Executive Offices)

(847) 734-2060
(Registrant's Telephone Number, including Area Code)

Glenn R. Pittson
2850 West Golf Road, 5th Floor
Rolling Meadows, Illinois 60008
(Name and Address of Agent for Service)

WITH COPIES TO:

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Approximate date of proposed public offering: As soon as practicable after the effective date of this Registration Statement.

If any securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box. ☐

It is proposed that this filing will become effective (check appropriate box):

☐ when declared effective pursuant to section 8(c)

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion March 17, 2011

PRELIMINARY PROSPECTUS

OFS CAPITAL CORPORATION

Shares

Common Stock

We are an externally managed, closed-end, non-diversified management investment company. Prior to the completion of this offering, we will convert into OFS Capital Corporation and file an election to be treated as a business development company under the Investment Company Act of 1940, as amended. Our investment objective is to provide our stockholders with both current income and capital appreciation through primarily debt investments and, to a lesser extent, equity investments. As of December 31, 2010, our investment portfolio consisted of outstanding loans of approximately $4.7 million in aggregate principal amount and equity investments (including our investment in OFS Capital WM, LLC) of $64.9 million. Following this offering, we intend to continue to pursue an investment strategy focused primarily on investments in middle-market companies in the United States. We expect that our investments will include asset classes in which our external manager has expertise, including investments in senior secured, unitranche, second-lien and mezzanine loans and, to a lesser extent, warrants and other minority equity securities. Initially, we expect that our senior loan investments will principally be made through on-balance sheet or off-balance sheet special purpose vehicles.

OFS Capital Management, LLC will serve as our external manager. OFS Capital Services, LLC will serve as our administrator. These entities are subsidiaries of Orchard First Source Asset Management, LLC, our parent company prior to the completion of this offering and an established lender to middle-market companies since 1995 which, including its subsidiaries and certain affiliates, had approximately $670.0 million of assets under management (excluding cash and the OFS Capital WM, LLC loan portfolio) as of December 31, 2010.

This is our initial public offering of our shares of common stock. All of the shares of common stock offered by this prospectus are being sold by us.

Our shares of common stock have no history of public trading. We currently expect that the initial public offering price per share of our common stock will be between $ and $ after giving effect to the BDC Conversion described in this prospectus. We have applied to have our common stock approved for quotation on The Nasdaq Global Market under the symbol "OFS."

Investing in our common stock involves a high degree of risk. Shares of closed-end investment companies, including business development companies, frequently trade at a discount to their net asset values. If our shares trade at a discount to our net asset value, it will likely increase the risk of loss for purchasers in this offering. Assuming an initial public offering price of $ per share, purchasers in this offering will experience immediate dilution of approximately $ per share. See "Dilution" for more information. In addition, the companies in which we invest are subject to special risks. Before buying any shares, you should read the discussion of the material risks of investing in our common stock, including the risk of leverage, in "Risk Factors" beginning on page 23 of this prospectus.

This prospectus contains important information you should know before investing in our common stock. Please read it before you invest and keep it for future reference. Upon completion of this offering, we will file periodic and current reports, proxy statements and other information about us with the Securities and Exchange Commission. This information will be available free of charge by contacting us at 2850 West Golf Road, 5th Floor, Rolling Meadows, Illinois 60008, Attention: Investor Relations, or by calling us at (847) 734-2060 or by visiting us on our website at http://www.ofscapitalcorp.com. The Securities and Exchange Commission also maintains a website at http://www.sec.gov that contains such information.

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

	Per Share	Total
Public offering price	$	$
Sales load (underwriting discounts and commissions)	$	$
Proceeds to us, before expenses(1)	$	$

(1) We estimate that we will incur offering expenses of approximately $, or approximately $ per share, in connection with this offering. All of these offering expenses will be borne indirectly by investors in this offering and will immediately reduce the net asset value of each investor's shares. We estimate that the net proceeds to us after expenses will be approximately $, or approximately $ per share.

We have granted the underwriters an option to purchase up to an additional shares of our common stock from us at the public offering price, less the sales load payable by us, solely to cover over-allotments, if any, within 30 days from the date of this prospectus. If the underwriters exercise this option in full, the total sales load will be $, and total proceeds, before expenses, will be $.

The underwriters expect to deliver the shares of our common stock on or about , 2011.

FBR CAPITAL MARKETS

The date of this prospectus is , 2011

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You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus regardless of the time of delivery of this prospectus or of any offer or sale of shares of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date. We will update these documents to reflect material changes only as required by law.

PROSPECTUS SUMMARY

This summary highlights some of the information in this prospectus. It is not complete and may not contain all of the information that you may want to consider. You should read this entire prospectus carefully, including, in particular, the more detailed information set forth under "Risk Factors" and the consolidated financial statements and the related notes included elsewhere in this prospectus.

As used in this prospectus, except as otherwise indicated, the terms "OFS Capital," "we," "us," "our" and the "Registrant" refer to OFS Capital, LLC, a Delaware limited liability company, and its consolidated subsidiaries for the periods prior to consummation of the BDC Conversion (as defined below), and refer to OFS Capital Corporation, a Delaware corporation, and its consolidated subsidiaries for the periods after the consummation of the BDC Conversion. Relationships between us and certain of our affiliates are summarized, and definitions of certain additional terms used in this prospectus are provided, in the section of this prospectus entitled "Glossary of Certain Terms."

Prior to the date of this prospectus, we will convert from a limited liability company into a corporation. In this conversion, OFS Capital Corporation will succeed to the business of OFS Capital, LLC and its consolidated subsidiaries, and the sole member of OFS Capital, LLC will become the sole stockholder of OFS Capital Corporation. Thereafter, we will file an election to be regulated as a business development company under the Investment Company Act of 1940, as amended (the "1940 Act"). In addition, for tax purposes we intend to elect to be treated as a regulated investment company ("RIC") under the Internal Revenue Code of 1986, as amended (the "Code"). In this prospectus, we refer to these transactions (including the filing of an election to be regulated as a business development company) as the "BDC Conversion." Unless otherwise indicated, the disclosure in this prospectus gives effect to the BDC Conversion.

Unless indicated otherwise or the context requires, all information in this prospectus assumes (a) no exercise of the underwriters' over-allotment option to purchase additional shares of our common stock, and (b) an initial public offering price of $ per share (the mid-point of the estimated initial public offering price range set forth on the cover page of this prospectus).

OFS Capital

We are an externally managed, closed-end, non-diversified management investment company formed in March 2001. Our investment objective is to provide our stockholders with both current income and capital appreciation through primarily debt investments and, to a lesser extent, equity investments. We intend to continue to pursue an investment strategy focused primarily on investments in middle-market companies in the United States. We use the term "middle-market" to refer to companies which may exhibit one or more of the following characteristics: number of employees between 150 and 2,000; revenues between $50 million and $300 million; annual earnings before interest, taxes, depreciation and amortization ("EBITDA") between $5 million and $50 million; generally, private companies owned by private equity firms or owners/operators; and enterprise value between $25 million and $500 million. For additional information about how we define the middle-market, see "The Company—Investment Criteria/Guidelines."

Historically, substantially all of our investment portfolio consisted of senior secured loans to middle-market companies in the United States. Immediately prior to the closing of the OFS Capital WM Transaction and the 2010 Distribution as described in more detail elsewhere in this prospectus, as of September 28, 2010, our investment portfolio consisted of outstanding loans of approximately $171.4 million in aggregate principal amount and we had debt of $56.1 million aggregate principal amount outstanding. As of September 28, 2010, our loan portfolio consisted primarily of directly originated loans, club loans and broadly syndicated loan securities with a contractual 2.7-year weighted average life to maturity, approximately 84.0% of which were senior

secured. In addition, as of September 28, 2010, we had commitments of approximately $199.0 million and outstanding loans of approximately $171.4 million in aggregate principal amount. The difference between the amount of commitments and the outstanding loans is attributable to the unfunded portion of revolving loans in our portfolio at that time.

On September 28, 2010, principally to facilitate the repayment of an existing credit facility that would have prevented this offering by virtue of a change-in-control provision, we sold a substantial portion of our loan portfolio to a newly formed Delaware limited liability company, OFS Capital WM, LLC ("OFS Capital WM"). Concurrently with the OFS Capital WM Transaction, we distributed to our parent, Orchard First Source Asset Management, LLC ("OFSAM"), a Delaware limited liability company, a substantial portion of our remaining loan portfolio and certain of our equity investments. Although we sold a substantial portion of our loan portfolio, we will continue to benefit from the loan assets sold to OFS Capital WM by virtue of our ownership of all of the limited liability company interests in OFS Capital WM. As of December 31, 2010, our investment portfolio consisted of outstanding loans of approximately $4.7 million in aggregate principal amount and our equity investments in our portfolio companies (including our investment in OFS Capital WM) of $64.9 million. Also, as of December 31, 2010, we had no debt outstanding. Following this offering, we expect to pursue a portion of our investment strategy through our SBIC subsidiary as described below, which has received preliminary authorization from the United States Small Business Administration ("SBA") in the form of a "Green Light" letter, dated October 7, 2009, to begin the application process to become licensed as a small business investment company ("SBIC").

We intend to continue to pursue an investment strategy focused primarily on investments in middle-market companies in the United States. We expect that our investments will include asset classes in which the investment professionals of OFS Capital Management, LLC ("OFS Advisor"), a Delaware limited liability company and our external manager, have expertise, including investments in senior secured, unitranche, second-lien and mezzanine loans and, to a lesser extent, warrants and other minority equity securities. More information on each of these asset classes can be found at "The Company—Structure of Investments." Initially, we expect that our senior loan investments will principally be made through on-balance sheet or off-balance sheet special purpose vehicles, while unitranche, second lien and mezzanine-loans will be made by us directly or through our proposed SBIC subsidiary. We expect our investments in the equity securities of these companies, such as warrants, preferred stock, common stock and other equity interests, will principally be made in conjunction with our debt investments, although we currently anticipate that no more than 5% of our portfolio will consist of equity investments in middle-market companies that do not pay a regular dividend. Generally, we do not expect to make investments in companies or securities that OFS Advisor determines to be distressed investments (such as discounted debt instruments that have either experienced a default or have a significant potential for default), other than follow-on investments in portfolio companies of ours.

A substantial portion of our business will focus on the direct origination and sourcing of investments through portfolio companies and their financial sponsors or other owners or intermediaries. We expect our investments to range generally from $5.0 million to $25.0 million each, although we expect that this investment size will vary proportionately with the size of our capital base.

OFS Capital Corporate Structure

We are currently organized as a limited liability company wholly-owned by our parent, OFSAM. OFSAM, in turn, is owned primarily by members of our management and board of directors. Immediately prior to the completion of this offering, we intend to convert from a Delaware limited liability company into a Delaware corporation, OFS Capital Corporation, and file an election to be regulated as a business development company under the 1940 Act. In addition, for tax purposes we intend to elect to be treated as a RIC under the Code.

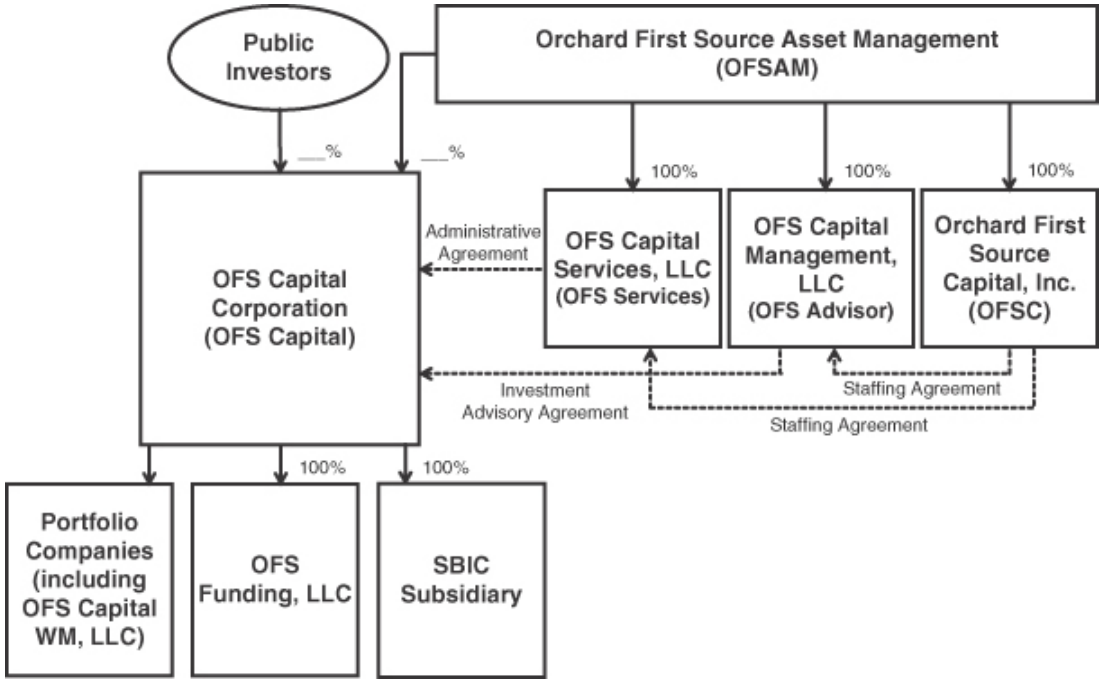
The entity that will issue and sell shares of common stock to you is OFS Capital Corporation. As a result of this offering, OFSAM's percentage ownership of our common stock (and the indirect ownership of members of our management and board of directors) will be reduced to approximately % (or approximately % if the underwriters exercise their over-allotment option in full).

We will have no employees and will engage OFS Advisor as our investment adviser and OFS Capital Services, LLC ("OFS Services"), a Delaware limited liability company, to provide us with certain administrative services. OFS Advisor will contract with Orchard First Source Capital, Inc. ("OFSC"), a Delaware corporation, to provide it with access to the senior investment personnel of OFS and its affiliates. Each of OFS Advisor, OFS Services and OFSC is a wholly-owned subsidiary of OFSAM.

As of September 28, 2010, immediately prior to the closing of the OFS Capital WM Transaction and the 2010 Distribution, substantially all of our investments were held by OFS Funding, LLC ("OFS Funding"), a Delaware limited liability company and our wholly-owned subsidiary. On September 28, 2010, we sold a substantial portion of our loan portfolio to OFS Capital WM, in connection with the OFS Capital WM Transaction. Although we sold a substantial portion of our loan portfolio, we will continue to benefit from the loan assets sold to OFS Capital WM by virtue of our ownership of all of the limited liability company interests in OFS Capital WM. Our portfolio company, OFS Capital WM, is managed by a loan manager that is an affiliate of Madison Capital Funding LLC, a subsidiary of New York Life Investments ("Madison Capital"), and unaffiliated with us.

In addition, we intend to pursue a portion of our investment strategy through our SBIC subsidiary.

The following chart depicts our structure after giving effect to this offering and the other transactions contemplated hereby:



For additional information, see “The BDC Conversion” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments and Other Factors Affecting Comparability.”

About OFS and Our Advisor

OFS (which refers to the collective activities and operations of OFSAM and its subsidiaries and certain affiliates) is an established investment platform focused on meeting the capital needs of middle-market companies. Since commencing operations in 1995, OFS (together with its predecessor) has closed approximately 1,100 transactions with aggregate commitments of approximately $7.9 billion. OFS’s professionals have developed strong sourcing relationships and have expertise in investing across all levels of the capital structure of our targeted portfolio companies. OFS’s senior managers have gained extensive workout experience during multiple business cycles throughout the course of their careers. In addition, the senior management team has worked together to manage over 50 workouts involving debt securities in payment default or material covenant default. As of December 31, 2010, OFS had approximately $670.0 million of assets under management (excluding cash and the OFS Capital WM loan portfolio). OFS also draws upon the significant experience of Richard Ressler, the Chairman of OFS Advisor’s investment committee. Mr. Ressler is the founder and President of Orchard Capital Corporation (“Orchard Capital”), co-founder and Principal of CIM Group, Inc., a real estate investor and manager, and Chairman of j2 Global Communications, Inc., in addition to serving on the boards of directors of various private companies. Mr. Ressler has been actively involved in managing and investing in private middle-market companies for over 20 years. He has developed an expansive network of relationships in the sponsor group and corporate arena, which we intend to leverage for loan origination and sourcing purposes.

As of February 28, 2010, OFS had 26 full-time employees and five part-time employees. OFS is headquartered in Rolling Meadows, Illinois, a suburb of Chicago, with additional offices in New York, New York and Los Angeles, California.

Our investment activities will be managed by OFS Advisor, our investment advisor. OFS Advisor is responsible for sourcing potential investments, conducting research and diligence on potential investments and equity sponsors, analyzing investment opportunities, structuring our investments and monitoring our investments and portfolio companies on an ongoing basis. OFS Advisor is a subsidiary of OFSAM, our parent company prior to the completion of this offering, and is a registered investment advisor under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). None of OFS Advisor or any of its affiliates has prior experience managing or administering a business development company.

Our relationship with OFS Advisor is governed by and dependent on an investment advisory and management agreement (the “Investment Advisory Agreement”) and may be subject to conflicts of interest. We have entered into the Investment Advisory Agreement, pursuant to which OFS Advisor will provide us with advisory services in exchange for a base management fee and incentive fee. See “Management and Other Agreements—Investment Advisory Agreement” for a discussion of the base management fee and incentive fee payable by us to OFS Advisor. The base management fee is based on our total assets (other than cash and cash equivalents but including assets purchased with borrowed amounts and including any assets owned by our SBIC subsidiary) and, therefore, OFS Advisor will benefit when we incur debt or use leverage. Our board of directors is charged with protecting our interests by monitoring how OFS Advisor addresses these and other conflicts of interest associated with its management services and compensation. While our board of directors is not expected to review or approve each borrowing or incurrence of leverage, our independent directors will periodically review OFS Advisor’s services and fees as well as its portfolio management decisions and portfolio performance. In connection with these reviews, our independent directors will consider whether our fees and expenses (including those related to leverage) remain appropriate.

OFS Advisor has entered into a staffing agreement with OFSC (the "Staffing Agreement"). OFSC employs all of OFS's investment professionals. Under the Staffing Agreement, OFSC will make experienced investment professionals available to OFS Advisor and provide access to the senior investment personnel of OFS and its affiliates. The Staffing Agreement provides OFS Advisor with access to deal flow generated by OFS and its affiliates in the ordinary course of their businesses and commits the members of OFS Advisor's investment committee to serve in that capacity. As our investment advisor, OFS Advisor is obligated to allocate investment opportunities among us and any other clients fairly and equitably over time in accordance with its allocation policy.

OFS Advisor intends to capitalize on the significant deal origination and sourcing, credit underwriting, due diligence, investment structuring, execution, portfolio management and monitoring experience of OFS's professionals. We currently expect that the senior management team of OFS, including Richard Ressler, Glenn Pittson, Bilal Rashid, Jeff Cerny and Kathi Inorio, will provide services to OFS Advisor. These managers have developed a broad network of contacts within the investment community averaging over 20 years of experience investing in debt and equity securities of middle-market companies. In addition, these managers have gained extensive experience investing in assets that will constitute our primary focus and have expertise in investing across all levels of the capital structure of middle-market companies.

In addition to their roles with OFS Advisor, Glenn Pittson and Bilal Rashid will serve as our interested directors. Mr. Pittson has over 25 years of experience in corporate finance, senior and mezzanine lending, structured finance, loan workouts and loan portfolio management, having spent the majority of his career at various capacities in CIBC World Markets Inc. ("CIBC"), including as head of U.S. Credit Markets, where he was central to the development and execution of a fundamental restructuring of CIBC's loan origination activities. During the mid-1980's, Mr. Pittson was instrumental in establishing CIBC's leveraged lending business. Mr. Rashid has approximately 15 years of experience in investment banking, debt capital markets and investing as it relates to corporate credit, structured credit and securitizations, including serving as a managing director in the global markets and investment banking division at Merrill Lynch & Co., Inc. ("Merrill Lynch"). Over his career, Mr. Rashid has advised, arranged financing for and lent to several middle-market credit providers, including business development companies and their affiliates.

Among other members of OFS's senior management team, Jeff Cerny is experienced in credit evaluation, credit monitoring, troubled credit and loan administration, and negotiation and structuring of structured funding vehicles, having previously held positions at Sanwa Business Credit Corporation, American National Bank and Trust Company of Chicago and Charter Bank Group, a multi-bank holding company. Kathi Inorio's focus is on origination and underwriting, drawing on her experience as a vice president in the corporate finance group at Heller Financial, Inc., where she was responsible for portfolio management of middle-market senior cash flow loans.

Certain Steps to Facilitate our Strategy

On December 31, 2009, we distributed to OFSAM assets and operations that we determined were inconsistent with our strategy. For additional information, see the discussion of the 2009 Reorganization under "Management's Discussion and Analysis of Financial Condition and Results of Operations —Recent Developments and Other Factors Affecting Comparability." Since December 31, 2009, we have undertaken or determined to undertake certain additional steps to further our strategy, as described below, which are included in the Pro Forma Transactions that we describe in greater detail in our unaudited pro forma condensed combined financial statements. For more information on the Pro Forma Transactions, see "Unaudited Pro Forma Condensed Combined Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments and Other Factors Affecting Comparability."

OFS Capital WM Transaction and OFSAM Cash Contribution

We have established an entity that acquires, manages and finances senior secured loan investments to middle-market companies in the United States. This entity, OFS Capital WM, is a newly formed Delaware limited liability company. To finance its business, on September 28, 2010 (the "OFS Capital WM Closing"), OFS Capital WM entered into a new $180 million secured revolving credit facility (the "WM Credit Facility") with Wells Fargo Bank, N.A. ("Wells Fargo") and Madison Capital. In connection with the OFS Capital WM Closing, an affiliate of Madison Capital was appointed as loan manager to manage the assets of OFS Capital WM. The WM Credit Facility is secured by the eligible loan assets or participations therein acquired by OFS Capital WM from us at the OFS Capital WM Closing and eligible loan assets thereafter acquired by OFS Capital WM during its reinvestment period. Subject to limited exceptions, our sale of eligible loan assets or participations therein to OFS Capital WM is without recourse to us, and we will have no liability for the debts or other obligations of OFS Capital WM. In connection with the closing of the WM Credit Facility, the lenders received customary opinions of counsel generally to the effect that the sale of assets by us to OFS Capital WM on September 28, 2010 would be considered a true sale of those assets, and not a secured loan, and that in the event of our bankruptcy it would not be proper to ignore the separate existence of OFS Capital WM and substantively consolidate the assets and liabilities of OFS Capital WM with our own. In February 2011, OFS Capital WM entered into certain amendments to the WM Credit Facility that will permit us to treat the OFS Capital WM Closing as a sale for accounting purposes on a going-forward basis (the "WM Credit Facility Amendments").

At the OFS Capital WM Closing, we sold approximately $96.9 million of loans or participations therein, transferred to us by OFS Funding, to OFS Capital WM in exchange for all the equity interests in OFS Capital WM and cash in the amount of $36.2 million (the "OFS Capital WM Cash Consideration"). We transferred the OFS Capital WM Cash Consideration to OFS Funding, and OFS Funding used the OFS Capital WM Cash Consideration to repay a substantial portion of the outstanding loan balance under OFS Funding's credit facility with Bank of America (the "Old Credit Facility"). We refer to these transactions collectively as the "OFS Capital WM Transaction." Simultaneously with the OFS Capital WM Closing, OFSAM made an additional capital contribution to us in the amount of $19.5 million (the "OFSAM Cash Contribution"), which we transferred to OFS Funding, and which OFS Funding used, together with cash on hand, to pay off the remaining balance under the Old Credit Facility in full.

We will not treat OFS Capital WM as one of our eligible portfolio companies. As a business development company, we are not permitted to acquire any assets other than "qualifying assets" specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets, including securities of "eligible portfolio companies," cash, cash equivalents, U.S. government securities and high-quality debt instruments maturing in one year or less from the time of investment. Upon completion of this offering, we anticipate that our investment in OFS Capital WM will constitute approximately (but not more than) 30% of our assets. However, because we will have approximately 30% of our assets in non-qualifying assets at the completion of this offering, we will not be able to acquire any additional non-qualifying assets for the foreseeable future.

Under generally accepted accounting principles, we will not consolidate OFS Capital WM in our financial statements. Instead, our equity investment in OFS Capital WM will be reflected on our balance sheet. We expect that OFS Capital WM will be able to increase the rate of return on the senior secured assets sold to it as a result of the more favorable financing terms under the WM Credit Facility, as compared to the Old Credit Facility. We will continue to benefit from the loan assets sold to OFS Capital WM by virtue of our ownership of 100% of the equity interests in OFS Capital WM, as well as from increased management capacity at OFS Advisor resulting from the appointment of an unaffiliated loan manager for OFS Capital WM. In addition, the management fee payable to OFS Advisor will be reduced because we will pay that fee on the value of our equity investment in OFS Capital WM (which value takes into account the indebtedness of OFS Capital WM), as opposed to the value

of the individual assets sold to OFS Capital WM (which would not reflect any indebtedness). We expect that, over the life of the WM Credit Facility, based on the cost of capital and the yield on the underlying assets, we will have positive cash flow on a quarterly basis from our investment in OFS Capital WM. In addition, we believe that our newly established relationship with Madison Capital will significantly expand the investment opportunities available to us.

For additional information on the WM Credit Facility and the OFS Capital WM Transaction see "The Company—Our Investment in OFS Capital WM."

2010 Distribution

In addition, concurrently with the OFS Capital WM Transaction, OFS Funding distributed to us and we in turn distributed to OFSAM approximately $67.2 million of loans or participations therein and approximately $1.5 million of equity investments. We determined to make these distributions to eliminate certain potential conflicts of interest that might arise due to the fact that we and an affiliated fund both had investments in these portfolio companies. For additional information, see the discussion of the 2010 Distribution under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments and Other Factors Affecting Comparability."

Small Business Investment Company Subsidiary

To further facilitate our investments in the debt and equity securities of middle-market companies in the United States, we have established a limited partnership ("SBIC subsidiary"), and have received preliminary authorization from the SBA in the form of a "Green Light" letter, dated October 7, 2009 to begin the application process to become licensed as an SBIC. We also own all the limited liability company interests in a newly formed limited liability company ("SBIC GP") that will serve as the general partner of our SBIC subsidiary. OFSC has employed three individuals who will be primarily responsible for the day-to-day management of the investment activities of our SBIC subsidiary, all of the cost of which will be borne by OFS Advisor through the Staffing Agreement. In addition, the SBA recently approved Mr. Pittson as the fourth member of our SBIC subsidiary's investment committee.

If our SBIC subsidiary obtains an SBIC license and satisfies certain other conditions, it is our intention to invest over time up to $225 million through our SBIC subsidiary, which includes borrowings by our SBIC subsidiary of up to a maximum of $150 million by issuing SBA-guaranteed debentures to make debt and equity investments in eligible small businesses in the United States. Our SBIC subsidiary will have the same investment objective as ours and will invest primarily in debt and, to a lesser extent, equity securities; however, we expect that our SBIC subsidiary will focus on the generation of investment opportunities that are primarily non-sponsor oriented, complementing our current sponsor-oriented origination activities. We expect to apply for exemptive relief from the SEC to permit us to exclude the debt of our SBIC subsidiary guaranteed by the SBA from our 200% asset coverage test under the 1940 Act. If we receive an exemption for this SBA debt, we would have increased capacity to fund investments with debt capital. Notwithstanding that OFSC has employed the three individuals who will serve on the investment committee for our SBIC subsidiary and manage the investment activities of our SBIC subsidiary and that the SBA recently approved Mr. Pittson as the fourth member of our SBIC subsidiary's investment committee, we cannot assure you that our SBIC subsidiary will obtain an SBIC license, that our SBIC subsidiary will receive the capital commitment from the SBA necessary to begin issuing SBA-guaranteed debentures, or that we will be granted exemptive relief to exclude our SBIC subsidiary's debt from our asset coverage test. For additional information on our SBIC subsidiary, see "The Company—Small Business Investment Company."

Market Opportunity

We intend to continue to pursue an investment strategy focused primarily on investments in middle-market companies in the United States. We find the middle-market attractive for the following reasons:

Large Target Market. According to the U.S. Census Bureau in its 2002 economic census, businesses in the United States with annual revenues between $10 million and $2.5 billion accounted for approximately 39.2% of all revenues generated by U.S. companies and generated more than $8 trillion in annual revenues. We believe that these middle-market companies represent a significant growth segment of the U.S. economy and often require substantial capital investments to grow. Middle-market companies have historically constituted the vast bulk of OFS's portfolio companies since its inception, and constituted the vast bulk of our portfolio as of December 31, 2010. We believe that this market segment will continue to produce significant investment opportunities for us.

Specialized Lending Requirements with High Barriers to Entry. We believe that several factors render many U.S. financial institutions ill-suited to lend to U.S. middle-market companies. For example, based on the experience of our management team, lending to private middle-market companies in the United States (a) is generally more labor-intensive than lending to larger companies due to the smaller size of each investment and the fragmented nature of information for such companies, (b) requires due diligence and underwriting practices consistent with the demands and economic limitations of the middle-market and (c) may also require more extensive ongoing monitoring by the lender. As a result, middle-market companies historically have been served by a limited segment of the lending community. As a result of the unique challenges facing lenders to middle-market companies, there are high barriers to entry that a new lender must overcome.

Reduction in Competition Due to Dislocation in the Capital Markets. We believe that the dislocation in the markets over the last 36 months has further reduced the amount of credit available to middle-market companies. Many participants in the mezzanine, second-lien and subordinated debt market over the past five years, such as hedge funds and managers of collateralized loan obligations ("CLOs"), have contracted or eliminated their origination and sourcing activities as investors' credit concerns have reduced available funding. In addition, we believe several existing business development companies are less active in the lending markets due to a lack of access to debt and equity financing. Moreover, many commercial banks face significant balance sheet constraints and increasing regulatory scrutiny, which we believe restricts their ability to lend. These balance sheet constraints are reflected in the results of the 2009 Shared National Credit review, which analyzed approximately $500 billion in loans formally identified as leveraged finance shared national credits. The 2009 Shared National Credit Review identified approximately 72% of the dollar volume of the 50 largest leveraged finance shared national credits as criticized assets.

Significant Refinancing Requirements. We believe that the debt associated with a large number of middle-market leveraged mergers and acquisitions completed from 2005 to 2008, which totals approximately $97.7 billion in the aggregate, will start to come due in the near term. In many cases, this debt will need to be refinanced as the existing debt facilities mature. When combined with the decreased availability of debt financing for middle-market companies generally, we believe these factors will increase lending opportunities for us.

Robust Demand for Debt Capital. Private equity firms reportedly raised more than $600 billion in each of 2007 and 2008, which we believe to be far in excess of the amount of equity they subsequently invested from this capital raised. We expect the large amount of unfunded buyout commitments will drive demand for leveraged buyouts over the next several years, which should, in turn, create leveraged lending opportunities for us.

Attractive Pricing. Reduced access to, and availability of, debt capital for our targeted middle-market borrowers typically increases the interest rates, or pricing, of loans. We believe that interest rates charged on

mezzanine credit facilities were at or above 15% per annum in many instances in 2009, versus average rates of approximately 14% in 2006 and 2007. Based on what OFS has observed, recent mezzanine deals typically have included meaningful upfront fees, prepayment protections and, in many cases, warrants, all of which should enhance the profitability of new loans to lenders.

Conservative Deal Structures. As a result of the recent credit crisis, many lenders are requiring less senior and total leverage, more equity and more comprehensive loan covenants than was customary in the years leading up to the credit crisis. Lower debt multiples on purchase prices suggest that the cash flow of borrowing companies should enable them to service their debt more easily, creating a greater buffer against a downturn. According to industry sources, leverage (defined as total debt to EBITDA) of middle-market companies was at an historically low average level of approximately 3.4x for the five quarters ended March 31, 2010. Since 1997, the previous lowest average leverage level was approximately 3.6x in 2001, while the previous highest average leverage level was approximately 4.8x in both 1997 and 2007.

Competitive Strengths and Core Competencies

Deep Management Team Experienced in All Phases of Investment Cycle and Across All Levels of the Capital Structure. We are managed by OFS Advisor, which will have access through the Staffing Agreement with OFSC to the resources and expertise of OFS's investment professionals. As of December 31, 2010, OFS's credit and investment professionals (including all investment committee members but not including the recently hired SBIC subsidiary management personnel) employed by OFSC had an average of over 20 years of investment experience with strong institutional backgrounds, including General Electric Capital Corporation, Bank of America Business Credit, Merrill Lynch, Heller Financial, Inc., NationsBank Corp., Sanwa Business Credit Corporation, Canadian Imperial Bank of Commerce and Drexel Burnham Lambert, Inc. Moreover, OFS's investment professionals specialize in the acquisition, origination and sourcing, underwriting and asset management of our specific targeted class of portfolio companies and have experience in investing at all levels of the capital structure. OFS's senior managers have gained extensive workout experience during multiple business cycles. Recently, this staff of investment professionals has been augmented and diversified by the addition of the three individuals who will be primarily responsible for the day-to-day management of the investment activities of our SBIC subsidiary. OFS's credit and investment professionals, including our SBIC subsidiary's management personnel, are supported by additional administrative and back-office personnel that focus on operations, finance, legal and compliance, accounting and reporting, marketing, information technology and office management. The expertise of OFS's senior managers extends beyond just loan origination and sourcing to significant experience with distressed debt and workouts. OFS also draws upon the significant experience of Richard Ressler, the Chairman of the executive committee of OFSAM and the Chairman of OFS Advisor's investment committee. Mr. Ressler is the founder and President of Orchard Capital, co-founder and Principal of CIM Group, Inc., a real estate investor and manager, and Chairman of j2 Global Communications, Inc., in addition to serving on the boards of directors of various private companies. Mr. Ressler has been actively involved in managing and investing in private middle-market companies for over 20 years. He has developed an expansive network of relationships in the sponsor group and corporate arena, which we intend to leverage for loan origination and sourcing purposes.

Alignment of Interests Among Us, the Management Team of OFS Advisor and New Investors. Unlike many business development companies, the interests of the senior management team of OFS Advisor and OFSAM are directly and significantly aligned with those of us and our new investors in this offering. After giving effect to this offering, the senior management team of OFS Advisor and OFSAM will own, indirectly through their interests in OFSAM, in the aggregate, approximately % of our outstanding shares of common stock (or % if the underwriters' over-allotment option is exercised in full). For many members of that senior management team, their investment in us represents a substantial percentage of such member's net worth. Accordingly, these individuals have an incentive to make decisions in the long-term interests of all our stockholders.

Significant Investment Capacity. Income from our investments, together with the net proceeds of this offering and any new debt we may incur, will provide us with a substantial amount of capital available for deployment into new investment opportunities in our targeted asset class. Additionally, we have submitted an application to the SBA to obtain a license for an SBIC subsidiary and have received preliminary approval from the SBA. Upon receipt of the SBIC license, we will be able to borrow additional funds through our SBIC subsidiary and take advantage of additional investment opportunities to meet our investment objectives.

Scalable Infrastructure Supporting the Entire Investment Cycle. We believe that our loan acquisition, origination and sourcing, underwriting, administration and management platform is highly scalable (that is, it can be expanded on a cost efficient basis within a timeframe that meets the demands of business growth). We believe that with limited incremental investment in personnel and back-office functions, our existing loan platform could accommodate three times our current loan volume. Because OFS Advisor will be compensated in part on a fixed percentage of our total assets (other than cash and cash equivalents but including assets purchased with borrowed amounts and including any assets owned by our SBIC subsidiary), it will have an incentive to leverage that platform and put our capital to work.

Our platform extends beyond origination and sourcing and includes a regimented credit monitoring system. We believe that our careful approach, which involves ongoing review and analysis by an experienced team of professionals, should enable us to identify problems early and to assist borrowers before they face difficult liquidity constraints. The expertise of OFS's senior managers extends beyond just loan origination and sourcing to significant experience with distressed debt and workouts, which the senior managers have managed separately or as a team through multiple business cycles. We believe that this experience enables us to prepare for possible negative contingencies in order to address them promptly should they arise.

Extensive Loan Sourcing Capabilities. OFS Advisor gives us access to the deal flow of OFS. We believe OFS's 15-year history as a middle-market lending platform and its market position makes it a leading lender to many sponsors and other deal sources, especially in the currently weak lending environment, and we have extensive relationships with potential borrowers and other lenders. Since its inception, OFS (together with its predecessor) has closed approximately 1,100 transactions with aggregate commitments of approximately $7.9 billion. We believe that because of its relationships and its reputation in the marketplace as a source of debt capital to the middle-market, OFS receives relationship-based "early looks" at many investment opportunities, allowing it to be selective in the transactions it pursues. Finally, we believe that the addition by OFSC to its staff of investment professionals of the three individuals who will be primarily responsible for the day-to-day management of the investment activities of our SBIC subsidiary, as well as the newly established relationship with the lenders to OFS Capital WM, will significantly expand the investment opportunities available to us.

Structuring with a High Level of Service and Operational Orientation. We intend to provide client-specific and creative financing structures to our portfolio companies. Based on our experience in lending to middle-market companies, we believe that the middle-market companies we target, as well as sponsor groups we may pursue, require a higher level of service, creativity and knowledge than has historically been provided by other service providers more accustomed to participating in commodity-like loan transactions. We believe the broad expertise of the investment professionals of OFS Advisor will enable us to identify, assess and structure investments successfully across all levels of a company's capital structure and to manage potential risk and return at all stages of the economic cycle. We will not be subject to many of the regulatory limitations that govern traditional lending institutions such as banks. As a result, we expect to be flexible in selecting and structuring investments, adjusting investment criteria, transaction structures and, in some cases, the types of securities in which we invest. This approach should enable OFS Advisor to identify attractive investment opportunities throughout the economic cycle so that we can make investments consistent with our stated objective even during turbulent periods in the capital markets.

Rigorous Credit Analysis and Approval Procedures. OFS Advisor intends to utilize the established, disciplined investment process of OFS for reviewing lending opportunities, structuring transactions and monitoring investments. Using OFS's disciplined approach to lending, OFS Advisor will seek to minimize credit losses through effective underwriting, comprehensive due diligence investigations, structuring and, where appropriate, the implementation of restrictive debt covenants. We expect that OFS Advisor will select borrowers whose businesses will retain significant enterprise value, even in a depressed market. We intend to use our capital resources to help our portfolio companies maintain sufficient liquidity to avoid the need for a distressed sale. While emphasizing thorough credit analysis, we intend to maintain strong relationships with sponsors and other deal sources by offering rapid initial feedback, from the OFS Advisor investment committee member leading the applicable deal team, to each investment opportunity shown to us.

Operating and Regulatory Structure

Our investment activities will be managed by OFS Advisor under the direction of our board of directors. A majority of our board of directors are independent of us, OFS Advisor and our and their respective affiliates.

As a business development company, we will be required to comply with certain regulatory requirements. For example, while we are permitted to finance investments using leverage, which may include the issuance of shares of preferred stock, or notes and other borrowings, our ability to use leverage is limited in significant respects. See "Regulation." Any decision on our part to use leverage will depend upon our assessment of the attractiveness of available investment opportunities in relation to the costs and perceived risks of such leverage. The use of leverage to finance investments creates certain risks and potential conflicts of interest. See "Risk Factors—Risks Relating to our Business and Structure—Regulations governing our operation as a business development company affect our ability to and the way in which we raise additional capital. As a business development company, we will need to raise additional capital, which will expose us to risks, including the typical risks associated with leverage." and "Risk Factors—Risks Relating to our Business and Structure—We intend to finance our investments with borrowed money, which will magnify the potential for gain or loss on amounts invested and may increase the risk of investing in us."

Also, as a business development company, we will generally be prohibited from acquiring assets other than "qualifying assets" unless, after giving effect to any acquisition, at least 70% of our total assets are qualifying assets. Qualifying assets generally include securities of "eligible portfolio companies," cash, cash equivalents, U.S. government securities and high-quality debt instruments maturing in one year or less from the time of investment. Under the rules of the 1940 Act, "eligible portfolio companies" include (a) private domestic operating companies, (b) public domestic operating companies whose securities are not listed on a national securities exchange (*e.g.*, the New York Stock Exchange, NYSE Amex Equities and The Nasdaq Global Market) or registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and (c) public domestic operating companies having a market capitalization of less than $250 million. Public domestic operating companies whose securities are quoted on the over-the-counter bulletin board and through Pink OTC Markets, Inc. are not listed on a national securities exchange and therefore are eligible portfolio companies. See "Regulation." We will not treat OFS Capital WM as one of our eligible portfolio companies. Upon completion of this offering, we anticipate that our investment in OFS Capital WM will constitute approximately (but not more than) 30% of our assets. However, because we will have approximately 30% of our assets in non-qualifying assets at the completion of this offering, we will not be able to acquire any additional non-qualifying assets for the foreseeable future.

We intend to elect to be treated for U.S. federal income tax purposes as a RIC under the Code. In order to be treated as a RIC, we must satisfy certain source of income, asset diversification and distribution requirements. See "Material U.S. Federal Income Tax Considerations."

In addition, if our SBIC subsidiary receives an SBIC license, it will be subject to regulation and oversight by the SBA. See "Regulation—Small Business Investment Company Regulations" and "Risk Factors—Our SBIC

subsidiary, if it is granted an SBIC license, will be subject to SBA regulations." The SBA places certain limitations on the financing terms of investments by SBICs in portfolio companies and prohibits SBICs from providing funds for certain purposes or to businesses in a few prohibited industries. SBA regulations currently limit the amount that an SBIC may borrow to up to a maximum of $150 million when it has at least $75 million in regulatory capital, receives a capital commitment from the SBA and has been through an examination by the SBA subsequent to licensing. For two or more SBICs under common control, the maximum amount of outstanding SBA-provided leverage cannot exceed $225 million. Further, the SBA restricts the ability of SBICs to repurchase their capital stock. SBA regulations also include restrictions on a "change of control" or transfer of an SBIC and require that SBICs invest idle funds in accordance with SBA regulations. In addition, our SBIC subsidiary may also be limited in its ability to make distributions to us if it does not have sufficient capital, in accordance with SBA regulations. Receipt of an SBIC license does not assure that our SBIC subsidiary will receive SBA-guaranteed debenture funding, and such funding is dependent upon our SBIC subsidiary's continuing to be in compliance with SBA regulations and policies.

We have no prior history of operating as a business development company, have never operated an SBIC, and none of OFS Advisor or any of its affiliates has prior experience managing or administering a business development company or an SBIC.

Conflicts of Interests

Subject to certain 1940 Act restrictions on co-investments with affiliates, OFS Advisor will offer us the right to participate in all investment opportunities that it determines are appropriate for us in view of our investment objective, policies and strategies and other relevant factors. Such offers will be subject to the exception that, in accordance with OFS Advisor's allocation policy, we might not participate in each individual opportunity but will, on an overall basis, be entitled to participate fairly and equitably with other entities managed by OFS Advisor and its affiliates.

Although we are currently the only entity managed by OFS Advisor, affiliates of OFS Advisor manage other assets and a CLO fund and OFS Advisor and/or its affiliates may manage other entities in the future, and these other funds and entities may have similar or overlapping investment strategies. To the extent that we compete with entities managed by OFS Advisor or any of its affiliates for a particular investment opportunity, OFS Advisor will allocate investment opportunities across the entities for which such opportunities are appropriate, consistent with (a) its internal allocation policy, (b) the requirements of the Advisers Act, and (c) certain restrictions under the 1940 Act and rules thereunder regarding co-investments with affiliates. OFS Advisor's allocation policy is intended to ensure that we may generally share fairly and equitably with other investment funds or other investment vehicles managed by OFS Advisor or its affiliates in investment opportunities that OFS Advisor determines are appropriate for us in view of our investment objective, policies and strategies and other relevant factors, particularly those involving a security with limited supply or involving differing classes of securities of the same issuer which may be suitable for us and such other investment funds or other investment vehicles. Under this allocation policy, if two or more investment vehicles with similar or overlapping investment strategies are in their investment periods, an available opportunity will be allocated based on the provisions governing allocations of such investment opportunities in the relevant organizational, offering or similar documents, if any, for such investment vehicles. In the absence of any such provisions, OFS Advisor will consider the following factors and the weight that should be given with respect to each of these factors:

- investment guidelines and/or restrictions, if any, set forth in the applicable organizational, offering or similar documents for the investment vehicles;
- risk and return profile of the investment vehicles;
- suitability/priority of a particular investment for the investment vehicles;
- if applicable, the targeted position size of the investment for the investment vehicles;

- level of available cash for investment with respect to the investment vehicles;
- total amount of funds committed to the investment vehicles; and
- the age of the investment vehicles and the remaining term of their respective investment periods, if any.

In situations where co-investment with other entities managed by OFS Advisor or its affiliates is not permitted or appropriate, such as when there is an opportunity to invest in different securities of the same issuer, OFS Advisor will need to decide whether we or such other entity or entities will proceed with the investment. The decision by OFS Advisor to allocate an opportunity to another entity could cause us to forego an investment opportunity that we otherwise would have made. We and OFS Advisor intend to submit an exemptive application to the SEC to permit greater flexibility to negotiate the terms of co-investments under the circumstances where our board of directors determines that it would be advantageous for us to co-invest with other funds managed by OFS Advisor or its affiliates in a manner consistent with our investment objectives, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors. We cannot assure you that this application for exemptive relief will be granted by the SEC, or that, if granted, it would be on the same terms requested by us. See “Related-Party Transactions and Certain Relationships.”

Corporate Information

Our principal executive offices are located at 2850 West Golf Road, 5th Floor, Rolling Meadows, Illinois 60008, and our telephone number is (847) 734-2060. Our corporate website is located at http://www.ofscapitalcorp.com. Information on our website is not incorporated into or a part of this prospectus.

THE OFFERING SUMMARY

Common Stock Offered by Us	shares (or shares if the underwriters exercise their over-allotment option in full).
Common Stock to be Outstanding after this Offering	shares (or shares if the underwriters exercise their over-allotment option in full).
Use of Proceeds	Our net proceeds from this offering will be approximately $, or approximately $ if the underwriters exercise their over-allotment option in full, in each case assuming an initial public offering price of $ per share (the mid-point of the estimated initial public offering price range set forth on the cover page of this prospectus). We intend to use the net proceeds of this offering to invest in portfolio companies in accordance with our investment objective and the strategies described in this prospectus and for general corporate purposes. We will also pay operating expenses, including management and administrative fees, and may pay other expenses such as due diligence expenses of potential new investments, from the net proceeds of this offering. We intend to use substantially all of the net proceeds of this offering for the above purposes within six months, depending on the availability of appropriate investment opportunities consistent with our investment objective and market conditions. Pending such investments, we intend to invest the net proceeds of this offering primarily in cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less from the date of investment. These temporary investments may have lower yields than our other investments and, accordingly, may result in lower distributions, if any, during such period. See “Use of Proceeds.”
Proposed Symbol on The Nasdaq Global Market	OFS
Distributions	Subsequent to the completion of this offering, and to the extent we have income and cash available, we intend to distribute quarterly dividends to our stockholders, beginning with the first full calendar quarter after the completion of this offering. Our quarterly dividends, if any, will be determined by our board of directors. Any dividends to our stockholders will be declared out of assets legally available for distribution.
Taxation	We intend to elect to be treated, and intend to qualify thereafter, as a RIC under the Code, beginning with our first taxable year ending December 31, 2011. As a RIC, we generally will not have to pay corporate-level U.S. federal income taxes on any net ordinary income or capital gains that we distribute to our stockholders. To obtain and

	maintain RIC tax treatment, we must distribute at least 90% of our net ordinary income and net short-term capital gains in excess of our net long-term capital losses, if any. See “Distributions” and “Material U.S. Federal Income Tax Considerations.”
Leverage	As a business development company, we are permitted under the 1940 Act to borrow funds to finance a portion of our investments. As a result, we may be exposed to the risks of leverage, which may be considered a speculative investment technique. Borrowings, also known as leverage, increase the potential for gain and loss on amounts invested and therefore increase the risks associated with investing in our securities. With certain limited exceptions, we are only allowed to borrow amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% after such borrowing. If we are granted the proposed exemptive relief, debt of our proposed SBIC subsidiary will be excluded from our 200% asset coverage test under the 1940 Act. In addition, the costs associated with our borrowings, including any increase in the management fee payable to OFS Advisor, will be borne by our stockholders. On September 28, 2010, OFS Funding repaid the remaining balance under the Old Credit Facility in the aggregate principal amount of $56.1 million, plus accrued and unpaid interest, in full and terminated the Old Credit Facility in connection with the OFS Capital WM Transaction and OFSAM Cash Contribution. We do not anticipate that we or our consolidated subsidiaries will have any meaningful indebtedness outstanding at the closing of this offering. However, under the WM Credit Facility, our portfolio company, OFS Capital WM, had debt in the amount of $69.0 million outstanding as of December 31, 2010.
Dividend Reinvestment Plan	We have adopted a dividend reinvestment plan for our stockholders, which is an “opt out” dividend reinvestment plan. Under this plan, if we declare a cash dividend or other distribution, our stockholders who have not opted out of our dividend reinvestment plan will have their cash distribution automatically reinvested in additional shares of our common stock, rather than receiving the cash distribution. If a stockholder opts out, that stockholder will receive cash dividends or other distributions. Stockholders who receive dividends and other distributions in the form of shares of common stock generally are subject to the same U.S. federal tax consequences as stockholders who elect to receive their distributions in cash; however, since their cash dividends will be reinvested, such stockholders will not receive cash with which to pay any applicable taxes on reinvested dividends. See “Dividend Reinvestment Plan.”

Investment Advisory Fees	We pay OFS Advisor a fee for its services under the Investment Advisory Agreement consisting of two components—a base management fee and an incentive fee. The base management fee is calculated at an annual rate of % of our total assets (other than cash and cash equivalents but including assets purchased with borrowed amounts and including any assets owned by our SBIC subsidiary). The incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears and equals % of our "pre-incentive fee net investment income" for the immediately preceding quarter, subject to a preferred return, or "hurdle," and a "catch up" feature. The foregoing incentive fee is subject to a cumulative total return requirement, which provides that no incentive fee in respect of our pre-incentive fee net investment income will be payable except to the extent that % of the cumulative net increase in net assets resulting from operations over the then current and preceding calendar quarters exceeds the cumulative incentive fees accrued and/or paid for the preceding calendar quarters. For the foregoing purpose, the "cumulative net increase in net assets resulting from operations" is the sum of our pre-incentive fee net investment income, base management fees, realized gains, realized losses and unrealized capital depreciation for the then current and preceding calendar quarters. The second part is determined and payable in arrears as of the end of each calendar year in an amount equal to % of our realized capital gains, if any, on a cumulative basis from inception through the end of the year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees. The incentive fee is determined on a consolidated basis and, as such, will apply to the operations of our SBIC subsidiary as well. See "Management and Other Agreements—Investment Advisory Agreement."
Administration Agreement	We will reimburse OFS Services under an administration agreement (the "Administration Agreement") for our allocable portion (subject to the review and approval of our board of directors) of overhead and other expenses, including furnishing us with office facilities and equipment and providing clerical, bookkeeping, record-keeping, necessary software licences and subscriptions and other administrative services at such facilities. To the extent that OFS Services outsources any of its functions, we will pay the fees associated with such functions on a direct basis without incremental profit to OFS Services. See "Management and Other Agreements—Administration Agreement."
License Arrangements	We have entered into a license agreement with OFSAM, under which OFSAM has agreed to grant us a non-exclusive, royalty-free license to use the name "OFS." For a description of the license agreement, see "Management and Other Agreements—License Agreement."

Risk Factors	An investment in our common stock is subject to risks. See “Risk Factors” beginning on page 23 of this prospectus to read about factors you should consider before deciding to invest in shares of our common stock.
Trading	Shares of closed-end investment companies, including business development companies, frequently trade at a discount to their net asset value. We are not generally able to issue and sell our common stock at a price below our net asset value per share unless we have stockholder approval. The risk that our shares may trade at a discount to our net asset value is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our shares will trade above, at or below net asset value. See “Risk Factors.”
Custodian and Transfer Agent	U.S. Bank National Association will serve as our custodian, and American Stock Transfer & Trust Company, LLC will serve as our transfer and dividend paying agent and registrar. See “Custodian, Transfer and Dividend Paying Agent and Registrar.”
Available Information	We have filed with the SEC a registration statement on Form N-2, of which this prospectus is a part, under the Securities Act of 1933, as amended (the “Securities Act”). This registration statement contains additional information about us and the shares of our common stock being offered by this prospectus. After the completion of this offering, we will be required to file periodic reports, current reports, proxy statements and other information with the SEC. This information will be available at the SEC’s public reference room at 100 F Street, N.E., Washington, D.C. 20549 and on the SEC’s website at http://www.sec.gov. Information on the operation of the SEC’s public reference room may be obtained by calling the SEC at (800) SEC-0330. We maintain a website at http://www.ofscapitalcorp.com and intend to make all of our periodic and current reports, proxy statements and other information available, free of charge, on or through our website. Information on our website is not incorporated into or part of this prospectus. You may also obtain such information free of charge by contacting us in writing at 2850 West Golf Road, 5th Floor, Rolling Meadows, Illinois 60008, Attention: Investor Relations.

FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses that you will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus contains a reference to fees or expenses paid by "us," "the Company" or "OFS Capital," or that "we" will pay fees or expenses, you will indirectly bear such fees or expenses as an investor in OFS Capital.

Stockholder transaction expenses:		
Sales load (as a percentage of offering price)	%	(1)
Offering expenses (as a percentage of offering price)	%	(2)
Dividend reinvestment plan expenses	None	(3)
Total stockholder transaction expenses (as a percentage of offering price)	%	
Annual expenses (as a percentage of net assets attributable to common stock):		
Base management fee payable under Investment Advisory Agreement	%	(4)
Incentive fees payable under Investment Advisory Agreement	%	(5)
Interest payments on borrowed funds	%	(6)
Other expenses	%	(7)(8)
Acquired fund fees and expenses	%	(9)
Total annual expenses	%	(8) (10)

(1) The sales load (underwriting discount and commission) with respect to the shares of our common stock sold in this offering, which is a one-time fee paid to the underwriters, is the only sales load paid in connection with this offering.

(2) Amount reflects estimated offering expenses of approximately $.

(3) The expenses of the dividend reinvestment plan are included in "other expenses." For additional information, see "Dividend Reinvestment Plan."

(4) Our management fee will be % of our total assets (other than cash and cash equivalents but including assets purchased with borrowed amounts and including any assets owned by our SBIC subsidiary). For the purposes of this table, we have assumed that the management fee will remain at % as set forth in the Investment Advisory Agreement. We may from time to time decide it is appropriate to change the terms of the agreement. Under the 1940 Act, any material change to our Investment Advisory Agreement must be submitted to stockholders for approval. The % reflected in the table is calculated on our net assets (rather than our total assets). See "Management and Other Agreements—Investment Advisory Agreement."

(5) The incentive fee consists of two parts:

The first, payable quarterly in arrears, equals % of our pre-incentive fee net investment income (including income that is accrued but not yet received in cash), subject to a % quarterly (% annualized) hurdle rate and a "catch-up" provision measured as of the end of each calendar quarter. Under this provision, in any calendar quarter, OFS Advisor receives no incentive fee until our pre-incentive fee net investment income equals the hurdle rate of % but then receives, as a "catch-up," 100% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than %. The effect of this provision is that, if pre-incentive fee net investment income exceeds % in any calendar quarter, OFS Advisor will receive % of our pre-incentive fee net investment income as if a hurdle rate did not apply. The foregoing incentive fee is subject to a cumulative total return requirement, which provides that no incentive fee in respect of our pre-incentive fee net investment income will be payable except to the extent % of the cumulative net increase in net assets resulting from operations over the then current and preceding calendar quarters exceeds the cumulative incentive fees accrued and/or paid for the preceding

calendar quarters. For the foregoing purpose, the "cumulative net increase in net assets resulting from operations" is the sum of our pre-incentive fee net investment income, base management fees, realized gains, realized losses and unrealized capital depreciation for the then current and preceding calendar quarters.

The hurdle rate is fixed at %, which means that, if interest rates rise, it will be easier for our pre-incentive fee net investment income to surpass the hurdle rate, which could lead to the payment of fees to OFS Advisor in an amount greater than expected. There is no accumulation of amounts on the hurdle rate from quarter to quarter and accordingly there is no clawback of amounts previously paid if subsequent quarters are below the quarterly hurdle rate and there is no delay of payment if prior quarters are below the quarterly hurdle rate.

The second part, payable annually in arrears, equals % of our realized capital gains on a cumulative basis from inception through the end of the year, if any (or upon the termination of the Investment Advisory Agreement, as of the termination date), computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees. The incentive fee is determined on a consolidated basis and, as such, will apply to the operations of our SBIC subsidiary as well.

See "Management and Other Agreements—Investment Advisory Agreement."

(6) On September 28, 2010, OFS Funding repaid the remaining balance under the Old Credit Facility in the aggregate principal amount of $56.1 million, plus accrued and unpaid interest, in full and terminated the Old Credit Facility in connection with the OFS Capital WM Transaction and OFSAM Cash Contribution. We do not anticipate that we or our consolidated subsidiaries will have any meaningful indebtedness outstanding at the closing of the offering. However, under the WM Credit Facility, our portfolio company, OFS Capital WM, had debt in the amount of $69.0 million outstanding as of December 31, 2010.

We do not plan to incur significant leverage, or to pay significant interest in respect thereof, until after most of the proceeds of this offering are invested in accordance with our investment objective and do not intend to incur leverage during our first year of operations in excess of % of our average total assets after giving effect to such leverage. The table assumes: (a) that we borrow for investment purposes up to an amount equal to % of our pro forma average total assets (average borrowing of $ million out of pro forma average total assets of $ million) and (b) that the interest expense, the unused fee and the one-year portion of the aggregate structuring fee is $ million. Our stockholders will bear directly or indirectly the costs of borrowings under any debt instruments we may enter into.

(7) Includes estimated organizational expenses of $ (which are non-recurring) and our overhead expenses, including payments under the Administration Agreement based on our allocable portion of overhead and other expenses incurred by OFS Services. See "Management and Other Agreements—Administration Agreement." "Other expenses" are based on estimated amounts for the current fiscal year.

(8) Estimated.

(9) Acquired fund fees and expenses include both direct expenses of our SBIC subsidiary as well as a portion of the investment advisory fee incurred by us under the Investment Advisory Agreement and attributable to the operations of our SBIC subsidiary. Acquired fund fees and expenses also include expenses directly incurred by OFS Capital WM, which principally consist of approximately $818,000 in the aggregate of annual interest expenses on funds borrowed directly by OFS Capital WM and management fees for the year ended December 31, 2010. As of December 31, 2010, OFS Capital WM had $69.0 million of indebtedness outstanding. You will incur these fees and expenses indirectly through OFS Capital's 100% ownership of the equity interests in each of our SBIC subsidiary and OFS Capital WM.

(10) "Total annual expenses" as a percentage of consolidated net assets attributable to common stock are higher than the total annual expenses percentage would be for a company that is not leveraged. We intend to borrow money to leverage our net assets and increase our total assets. The SEC requires that the "total

annual expenses" percentage be calculated as a percentage of net assets (defined as total assets less indebtedness and before taking into account any incentive fees payable during the period), rather than the total assets, including assets that have been purchased with borrowed amounts. If the "total annual expenses" percentage were calculated instead as a percentage of consolidated total assets, our "total annual expenses" would be % of consolidated total assets.

Example

The following example demonstrates the projected dollar amount of total cumulative expenses over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed we would have no additional leverage and that our annual operating expenses would remain at the levels set forth in the table above. Transaction expenses are included in the following example.

	1 year	3 years	5 years	10 years
You would pay the following expenses on a $1,000 investment, assuming a 5% annual return(1)	$	$	$	$

(1) The above illustration assumes that we will not realize any capital gains computed net of all realized capital losses and unrealized capital depreciation. The expenses you would pay, based on a $1,000 investment and assuming a 5% annual return resulting entirely from net realized capital gains (and therefore subject to the capital gain incentive fee), and otherwise making the same assumptions in the example above, would be: 1 year, $; 3 years, $; 5 years, $; and 10 years, $.

The foregoing table is to assist you in understanding the various costs and expenses that an investor in our common stock will bear directly or indirectly. While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. The incentive fee under the Investment Advisory Agreement, which, assuming a 5% annual return, would either not be payable or have an insignificant impact on the expense amounts shown above, is not included in the example. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our expenses, and returns to our investors, would be higher. In addition, while the example assumes reinvestment of all dividends and distributions at net asset value, if our board of directors authorizes and we declare a cash dividend, participants in our dividend reinvestment plan who have not otherwise elected to receive cash will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend payable to a participant by the market price per share of our common stock at the close of trading on the valuation date for the dividend. See "Dividend Reinvestment Plan" for additional information regarding our dividend reinvestment plan.

This example and the expenses in the table above should not be considered a representation of our future expenses, and actual expenses (including the cost of debt, if any, and other expenses) may be greater or less than those shown.

GLOSSARY OF CERTAIN TERMS

As used in this prospectus, except as otherwise indicated, the terms:

- "2010 Distribution" refers to our distribution to OFSAM concurrently with the OFS Capital WM Transaction of a substantial portion of our remaining loan portfolio and certain of our equity investments due to the fact that we and an affiliated fund both had investments in these portfolio companies;
- "BDC Conversion" refers to our conversion from a Delaware limited liability company into a Delaware corporation, OFS Capital Corporation, together with our elections to be treated as a business development company under the 1940 Act and a RIC under the Code;
- "Management" refers, collectively, to our directors and officers and to the officers of OFS Advisor and OFSC;
- "OFS" refers, collectively, to the activities and operations of OFSAM and its subsidiaries and certain affiliates;
- "OFS Advisor" refers to OFS Capital Management, LLC, a Delaware limited liability company and wholly-owned subsidiary of OFSAM, and our investment adviser;
- "OFS Capital," "we," "us," "our" and the "Registrant" refer to OFS Capital, LLC, a Delaware limited liability company and direct wholly-owned subsidiary of OFSAM, and its consolidated subsidiaries for the periods prior to consummation of the BDC Conversion, and refer to OFS Capital Corporation, a Delaware corporation, and its consolidated subsidiaries for the periods after the consummation of the BDC Conversion;
- "OFS Capital WM" refers to OFS Capital WM, LLC, a newly formed Delaware limited liability company and our portfolio company;
- "OFS Capital WM Cash Consideration" refers to the cash received by us from OFS Capital WM in the OFS Capital WM Transaction, which we transferred to OFS Funding, and which OFS Funding used to repay a substantial portion of the outstanding balance under the Old Credit Facility.
- "OFS Capital WM Transaction" refers to the sale of a substantial portion of our loan portfolio to OFS Capital WM in exchange for all the equity interests in OFS Capital WM and the OFS Capital WM Cash Consideration in connection with OFS Capital WM's entry into the WM Credit Facility;
- "OFS Funding" refers to OFS Funding, LLC, a Delaware limited liability company and our wholly-owned subsidiary, and the entity which historically held our investment portfolio;
- "OFS senior professionals" refers to the senior professional employees of OFSC contracted to OFS Advisor under the Staffing Agreement, who are deemed employees of OFS Advisor for all purposes under the 1940 Act and the Advisers Act;
- "OFS Services" refers to OFS Capital Services, LLC, a Delaware limited liability company and wholly-owned subsidiary of OFSAM, and our administrator;
- "OFSAM" refers to Orchard First Source Asset Management, LLC, a Delaware limited liability company and our parent company prior to the completion of this offering;
- "OFSAM Cash Contribution" refers to the cash contribution made by OFSAM to us simultaneously with the OFS Capital WM Transaction, which we transferred to OFS Funding, and which OFS Funding used, together with cash on hand, to payoff the remaining balance under the Old Credit Facility in full;
- "OFSC" refers to Orchard First Source Capital, Inc., a Delaware corporation and wholly-owned subsidiary of OFSAM, which employs all of OFSAM's investment professionals, and is an affiliate of OFS Advisor;

- "Pro Forma Transactions" refers to the BDC Conversion, the OFS Capital WM Transaction, the 2010 Distribution, the WM Credit Facility Amendments and the other transactions that we describe in greater detail in our unaudited pro forma condensed combined financial statements;
- "SBIC subsidiary" refers to a newly formed, wholly-owned subsidiary, formed to obtain a license from the SBA and operate as an SBIC;
- "WM Credit Facility" refers to the new $180 million senior secured revolving credit facility, which OFS Capital WM entered into with Wells Fargo and Madison Capital to finance its business; and
- "WM Credit Facility Amendments" refers to certain amendments to the WM Credit Facility entered into in February 2011 that will permit us to treat the OFS Capital WM Closing as a sale for accounting purposes on a going-forward basis.

In this prospectus, we use the term "leveraged" to refer to companies of any size with non-investment grade debt outstanding or, if not explicitly rated, debt which we believe would be rated as non-investment grade based on their leverage levels and other terms. In addition, we use the term "middle-market" to refer to companies which may exhibit one or more of the following characteristics: number of employees between 150 and 2,000; revenues between $50 million and $300 million; annual EBITDA between $5 million and $50 million; generally, private companies owned by private equity firms or owners/operators; and enterprise value between $25 million and $500 million. See "The Company—Investment Criteria/Guidelines."

RISK FACTORS

Investing in our common stock involves a number of significant risks. Before you invest in our common stock, you should be aware of various risks associated with the investment, including those described below. You should carefully consider these risk factors, together with all of the other information included in this prospectus, before you decide whether to make an investment in our common stock. The risks set out below are not the only risks we face. Additional risks and uncertainties not presently known to us or not presently deemed material by us may also impair our operations and performance. If any of the following events occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, our net asset value and the trading price of our common stock could decline, and you may lose all or part of your investment.

Risks Relating to Our Business and Structure

We have never operated as a business development company, qualified to be treated as a RIC or operated an SBIC, and none of OFS Advisor or its affiliates has ever managed a business development company, a RIC or an SBIC, and we may not be able to operate our business successfully or generate sufficient revenue to make or sustain distributions to our stockholders.

We have never operated as a business development company or qualified to be treated as a RIC, and none of OFS Advisor or its affiliates has ever managed a business development company. As a result of our limited experience as a business development company, we are subject to the business risks and uncertainties associated with new entities of these types, including the risk that we will not achieve our investment objective, or that we will not qualify or maintain our qualification to be treated as a RIC, and that the value of your investment could decline substantially.

The 1940 Act and the Code impose numerous constraints on the operations of business development companies and RICs. Business development companies are required, for example, to invest at least 70% of their total assets primarily in securities of U.S. private or thinly traded public companies, cash, cash equivalents, U.S. government securities and other high-quality debt instruments that mature in one year or less from the date of investment. Furthermore, any failure to comply with the requirements imposed on business development companies by the 1940 Act could cause the SEC to bring an enforcement action against us and/or expose us to claims of private litigants. In addition, upon approval of a majority of our stockholders, we may elect to withdraw our status as a business development company. If we decide to withdraw our election, or if we otherwise fail to qualify, or maintain our qualification, as a business development company, we may be subject to the substantially greater regulation under the 1940 Act as a closed-end investment company. Compliance with such regulations would significantly decrease our operating flexibility, and could significantly increase our costs of doing business. Moreover, qualification for treatment as a RIC requires satisfaction of source-of-income, asset diversification and distribution requirements. None of us, OFS Advisor or any of our or their respective affiliates has any experience operating under these constraints, which may hinder our ability to take advantage of attractive investment opportunities and to achieve our investment objective.

We intend to pursue a portion of our investment strategy through our SBIC subsidiary; however, we have never operated or managed an SBIC. Although OFSC has employed three individuals who will serve on our SBIC subsidiary's investment committee and manage the investment activities of our SBIC subsidiary and the SBA recently approved Mr. Pittson as the fourth member of our SBIC subsidiary's investment committee, none of us, OFS Advisor or any of our or its respective affiliates has any experience in operating an SBIC or complying with SBA regulations and requirements. As a result, our lack of experience may hinder our ability to be authorized to submit an SBIC license application or, if we receive a license, to take advantage of investment opportunities through our SBIC subsidiary and to achieve our investment objective.

We are dependent upon the OFS senior professionals for our future success and upon their access to the investment professionals and partners of OFS and its affiliates, including our SBIC subsidiary's management personnel.

We do not have any internal management capacity or employees. We will depend on the diligence, skill and network of business contacts of the OFS senior professionals to achieve our investment objective. Our future success will depend, to a significant extent, on the continued service and coordination of the OFS senior management team, particularly Glenn Pittson, Senior Managing Director of OFSC, Bilal Rashid, Senior Managing Director of OFSC, Jeffrey Cerny, Senior Managing Director of OFSC, and Kathi Inorio, Senior Managing Director of OFSC. Each of these individuals is an employee at will of OFSC and is not subject to an employment contract. In addition, we will rely on the services of Richard Ressler, Chairman of the executive committee of OFSAM and Chairman of OFS Advisor's investment committee pursuant to a consulting agreement with Orchard Capital. The departure of Mr. Ressler or any of the senior managers of OFSC, or of a significant number of its other investment professionals, could have a material adverse effect on our ability to achieve our investment objective.

In addition, OFSC has employed three individuals who will manage the investment activities of our SBIC subsidiary. The departure of any of our SBIC subsidiary's management personnel could have a material adverse effect on our ability to obtain an SBIC license and our strategy to make investments through our SBIC subsidiary.

We expect that OFS Advisor will evaluate, negotiate, structure, close and monitor our investments in accordance with the terms of the Investment Advisory Agreement and, to the extent applicable, in accordance with SBIC requirements. We can offer no assurance, however, that OFS senior professionals will continue to provide investment advice to us. If these individuals do not maintain their existing relationships with OFS and its affiliates and do not develop new relationships with other sources of investment opportunities, we may not be able to grow our investment portfolio or achieve our investment objective. In addition, individuals with whom the OFS senior professionals have relationships are not obligated to provide us with investment opportunities. Therefore, we can offer no assurance that such relationships will generate investment opportunities for us.

OFS Advisor is a newly formed subsidiary of OFSAM that has no employees and will depend upon access to the investment professionals and other resources of OFS and its affiliates to fulfill its obligations to us under the Investment Advisory Agreement. OFS Advisor will also depend upon OFS to obtain access to deal flow generated by the professionals of OFS and its affiliates. Under a Staffing Agreement between OFSC, a subsidiary of OFSAM that employs all of OFS's personnel, and OFS Advisor, OFSC has agreed to provide OFS Advisor with the resources necessary to fulfill these obligations. The Staffing Agreement provides that OFSC will make available to OFS Advisor experienced investment professionals and access to the senior investment personnel of OFSC for purposes of evaluating, negotiating, structuring, closing and monitoring our investments. We are not a party to this Staffing Agreement and cannot assure you that OFSC will fulfill its obligations under the agreement. If OFSC fails to perform, we cannot assure you that OFS Advisor will enforce the Staffing Agreement or that such agreement will not be terminated by either party or that we will continue to have access to the investment professionals of OFSC and its affiliates or their information and deal flow.

The investment committee that will oversee our investment activities is provided by OFS Advisor under the Investment Advisory Agreement. OFS Advisor's investment committee consists of Richard Ressler (Chairman), Glenn Pittson, Bilal Rashid, Jeffrey Cerny and Kathi Inorio. The loss of any member of OFS Advisor's investment committee or of other OFS senior professionals would limit our ability to achieve our investment objective and operate as we anticipate. This could have a material adverse effect on our financial condition and results of operation.

Our business model depends to a significant extent upon strong referral relationships with financial institutions, sponsors and investment professionals. Any inability of OFS Advisor to maintain or develop these relationships, or the failure of these relationships to generate investment opportunities, could adversely affect our business.

We depend upon OFS Advisor to maintain OFS's relationships with financial institutions, sponsors and investment professionals, and we intend to rely to a significant extent upon these relationships to provide us with potential investment opportunities. If OFS Advisor fails to maintain such relationships, or to develop new relationships with other sources of investment opportunities, we will not be able to grow our investment portfolio. In addition, individuals with whom the principals of OFS Advisor have relationships are not obligated to provide us with investment opportunities, and, therefore, we can offer no assurance that these relationships will generate investment opportunities for us in the future.

A substantial portion of our senior secured loan portfolio was purchased by OFS Capital WM, our new portfolio company, using borrowed funds and will be managed by an unaffiliated loan manager.

OFS Capital WM, which will be our largest portfolio company upon consummation of the BDC Conversion, financed the purchase from us of a substantial portion of our loan portfolio using funds borrowed under the WM Credit Facility. While investors in OFS Capital will continue to benefit from the loan assets sold to OFS Capital WM by virtue of our ownership of 100% of the equity interests in OFS Capital WM, they will also be exposed to the risks associated with those assets. For example, lenders have a first lien on the loan assets sold to OFS Capital WM and will have a superior claim to our claim as equityholder in any liquidation of OFS Capital WM. In addition, lenders have a first lien on our equity interests in OFS Capital WM and will have a superior claim to a claim by our investors on those equity interests in any liquidation of OFS Capital. Additionally, OFS Capital WM will be managed by an affiliate of Madison Capital, as loan manager, pursuant to the WM Credit Facility documentation, which prescribes the order in which payments are to be applied and contains other contractual restrictions. Accordingly, at least in the near term, our success will depend, to a significant extent, on the administration of OFS Capital WM's portfolio by an unaffiliated loan manager over whom we have no control. If the loan manager is unable to generate sufficient returns to permit payments to us under the WM Credit Facility documentation or defaults in its obligation thereunder, we could be materially and adversely affected. In addition, we could have a conflict of interest with Madison Capital and its affiliates by virtue of the fact that Madison Capital holds class B loans under the WM Credit Facility, whereas our interest is as an equityholder.

We may not replicate the historical results achieved by OFSAM or other entities managed or sponsored by OFSAM and its other affiliates.

Our primary focus in making investments may differ from those of OFS Funding to date and from OFSAM's other proprietary investments or the investments of other investment funds, accounts or other investment vehicles that are or have been managed by OFSAM or its other affiliates. Although our historical concentration has been investments in senior secured loans, we intend to pursue an investment strategy that will also focus on investments in unitranche, second-lien and mezzanine loans and, to a lesser extent, warrants and other equity securities. In addition, as a result of the OFS Capital WM Transaction, we no longer manage the assets we sold to OFS Capital WM and these assets may not achieve or replicate historical results. In connection with the 2010 Distribution, we distributed to OFSAM a substantial portion of our remaining loan portfolio and certain of our equity investments. As a result of these transactions, we will no longer receive income from these investments. Other than an indirect interest in OFS Funding, investors in our common stock are not acquiring an interest in any such proprietary investments of OFSAM or any such investment funds, accounts or other investment vehicles. We may consider co-investing in portfolio investments with OFSAM or its other affiliates or other investment funds, accounts or investment vehicles managed by OFSAM or its other affiliates. Any such investments will be subject to regulatory limitations and approvals by directors who are not "interested persons," as defined in the 1940 Act. We can offer no assurance, however, that we will obtain such approvals or develop opportunities that comply with such limitations. We also cannot assure you that we will replicate the historical results achieved by OFSAM or its other affiliates, and we caution you that our investment returns could be substantially lower than the returns achieved by them in prior periods. Additionally, all or a portion of the prior

results may have been achieved in particular market conditions which may never be repeated. Moreover, current or future market volatility and regulatory uncertainty may have an adverse impact on our future performance.

Our financial condition and results of operation will depend on our ability to manage our business effectively.

Our ability to achieve our investment objective and grow will depend on our ability to manage our business. This will depend, in turn, on OFS Advisor's ability to identify, invest in and monitor companies that meet our investment criteria. The achievement of our investment objectives on a cost-effective basis will depend upon OFS Advisor's execution of our investment process, its ability to provide competent, attentive and efficient services to us and, to a lesser extent, our access to financing on acceptable terms. OFS Advisor will have substantial responsibilities under the Investment Advisory Agreement. The OFS senior professionals and other personnel of OFS Advisor's affiliates, including OFSC, may be called upon to provide managerial assistance to our portfolio companies. These activities may distract them or slow our rate of investment. Any failure to manage our business and our future growth effectively could have a material adverse effect on our business, financial condition and results of operations. In addition, as a result of the OFS Capital WM Transaction, we no longer manage a substantial portion of our historical portfolio. The portfolio of OFS Capital WM is being managed by an unaffiliated loan manager, which may have an adverse effect on our business, financial condition and results of operations.

We have potential conflicts of interest related to obligations that OFS Advisor or its affiliates may have to other clients.

Although we are currently the only entity managed by OFS Advisor, affiliates of OFS Advisor manage other assets and a CLO fund and OFS Advisor and/or its affiliates may manage other entities in the future, and these other funds and entities may have similar or overlapping investment strategies. The members of OFS Advisor's investment committee serve or may serve as officers, directors or principals of entities that operate in the same or a related line of business as we do, or of investment funds or other investment vehicles managed by OFS Advisor or its affiliates. Similarly, OFS Advisor and/or its affiliates may have, or may have other clients with, similar, different or competing investment objectives. In serving in these multiple capacities, they may have obligations to other clients or investors in those entities, the fulfillment of which may not be in the best interests of us or our stockholders. OFS Advisor will seek to allocate investment opportunities among eligible accounts in a manner that is fair and equitable over time and consistent with its allocation policy. Under this allocation policy, if two or more investment vehicles with similar or overlapping investment strategies are in their investment periods, an available opportunity will be allocated based on the provisions governing allocations of such investment opportunities in the relevant organizational, offering or similar documents, if any, for such investment vehicles. In the absence of any such provisions, OFS Advisor will consider the following factors and the weight that should be given with respect to each of these factors:

- investment guidelines and/or restrictions, if any, set forth in the applicable organizational, offering or similar documents for the investment vehicles;
- risk and return profile of the investment vehicles;
- suitability/priority of a particular investment for the investment vehicles;
- if applicable, the targeted position size of the investment for the investment vehicles;
- level of available cash for investment with respect to the investment vehicles;
- total amount of funds committed to the investment vehicles; and
- the age of the investment vehicles and the remaining term of their respective investment periods, if any.

There can be no assurance that we will be able to participate in all investment opportunities that are suitable to us.

OFS Advisor's investment committee, OFS Advisor or its affiliates may, from time to time, possess material non-public information, limiting our investment discretion.

OFS senior professionals and members of OFS Advisor's investment committee may serve as directors of, or in a similar capacity with, companies in which we invest, the securities of which are purchased or sold on our behalf. In the event that material nonpublic information is obtained with respect to such companies, or we become subject to trading restrictions under the internal trading policies of those companies or as a result of applicable law or regulations, we could be prohibited for a period of time from purchasing or selling the securities of such companies, and this prohibition may have an adverse effect on us.

Our incentive fee structure may create incentives for OFS Advisor that are not fully aligned with the interests of our stockholders.

In the course of our investing activities, we will pay management and incentive fees to OFS Advisor. The base management fee is based on our total assets (other than cash and cash equivalents but including assets purchased with borrowed amounts and including any assets owned by our SBIC subsidiary). As a result, investors in our common stock will invest on a "gross" basis and receive distributions on a "net" basis after expenses, resulting in a lower rate of return than one might achieve through direct investments. Because these fees are based on our total assets, other than cash and cash equivalents but including assets purchased with borrowed amounts and including any assets owned by our SBIC subsidiary, OFS Advisor will benefit when we incur debt or use leverage. Our board of directors is charged with protecting our interests by monitoring how OFS Advisor addresses these and other conflicts of interests associated with its management services and compensation. While our board of directors is not expected to review or approve each borrowing or incurrence of leverage, our independent directors will periodically review OFS Advisor's services and fees as well as its portfolio management decisions and portfolio performance. In connection with these reviews, our independent directors will consider whether our fees and expenses (including those related to leverage) remain appropriate. As a result of this arrangement, OFS Advisor or its affiliates may from time to time have interests that differ from those of our stockholders, giving rise to a conflict.

The part of the incentive fee payable to OFS Advisor that relates to our pre-incentive fee net investment income will be computed and paid on income that may include interest income that has been accrued but not yet received in cash. This fee structure may be considered to involve a conflict of interest for OFS Advisor to the extent that it may encourage OFS Advisor to favor debt financings that provide for deferred interest, rather than current cash payments of interest. OFS Advisor may have an incentive to invest in deferred interest securities in circumstances where it would not have done so but for the opportunity to continue to earn the incentive fee even when the issuers of the deferred interest securities would not be able to make actual cash payments to us on such securities. This risk could be increased because OFS Advisor is not obligated to reimburse us for any incentive fees received even if we subsequently incur losses or never receive in cash the deferred income that was previously accrued.

The valuation process for certain of our portfolio holdings creates a conflict of interest.

Many of our portfolio investments are expected to be made in the form of securities that are not publicly traded. As a result, our board of directors will determine the fair value of these securities in good faith as described below in "Many of our portfolio investments will be recorded at fair value as determined in good faith by our board of directors and, as a result, there may be uncertainty as to the value of our portfolio investments." In connection with that determination, investment professionals from OFS Advisor may provide our board of directors with portfolio company valuations based upon the most recent portfolio company financial statements available and projected financial results of each portfolio company. In addition, the members of our board of directors who are not independent directors have a substantial indirect pecuniary interest in OFS Advisor. The participation of OFS Advisor's investment professionals in our valuation process, and the indirect pecuniary interest in OFS Advisor by those members of our board of directors, could result in a conflict of interest since OFS Advisor's management fee is based, in part, on our total assets (other than cash and cash equivalents but including assets purchased with borrowed amounts and including any assets owned by our SBIC subsidiary).

We may have additional conflicts related to other arrangements with OFS Advisor or its affiliates.

We have entered into a license agreement with OFSAM under which OFSAM has agreed to grant us a non-exclusive, royalty-free license to use the name "OFS." See "Management and Other Agreements—License Agreement." In addition, we will rent office space from another subsidiary of OFSAM and pay to that subsidiary our allocable portion of overhead and other expenses incurred in performing its obligations under the Administration Agreement, such as rent and our allocable portion of the cost of our officers, including our chief executive officer, chief financial officer, chief compliance officer and chief accounting officer. This will create conflicts of interest that our board of directors must monitor.

The Investment Advisory Agreement with OFS Advisor and the Administration Agreement with OFS Services were not negotiated on an arm's length basis and may not be as favorable to us as if they had been negotiated with an unaffiliated third party.

The Investment Advisory Agreement and the Administration Agreement were negotiated between related parties. Consequently, their terms, including fees payable to OFS Advisor, may not be as favorable to us as if they had been negotiated with an unaffiliated third party. In addition, we may choose not to enforce, or to enforce less vigorously, our rights and remedies under these agreements because of our desire to maintain our ongoing relationship with OFS Advisor, OFS Services and their respective affiliates. Any such decision, however, would breach our fiduciary obligations to our stockholders.

Our ability to enter into transactions with our affiliates will be restricted, which may limit the scope of investments available to us.

We are prohibited under the 1940 Act from participating in certain transactions with our affiliates without the prior approval of our independent directors and, in some cases, of the SEC. Those transactions include purchases and sales, and so-called "joint" transactions, in which we and one or more of our affiliates are engaging together in certain types of profit-making activities. Any person that owns, directly or indirectly, five percent or more of our outstanding voting securities will be our affiliate for purposes of the 1940 Act, and we are generally prohibited from engaging in purchases or sales of assets or joint transactions with such affiliates, absent the prior approval of our independent directors. Additionally, without the approval of the SEC, we are prohibited from engaging in purchases or sales of assets or joint transactions with the following affiliated persons: (a) our officers, directors, and employees; (b) OFS Advisor and its affiliates; and (c) any person who owns more than 25% of our voting securities or certain of that person's affiliates.

We may, however, invest alongside OFSAM and its other affiliates or their respective other clients in certain circumstances where doing so is consistent with applicable law and SEC staff interpretations. For example, we may invest alongside such accounts consistent with guidance promulgated by the SEC staff permitting us and such other accounts to purchase interests in a single class of privately placed securities so long as certain conditions are met, including that OFS Advisor, acting on our behalf and on behalf of other clients, negotiates no term other than price. We may also invest alongside OFSAM and its other affiliates or their respective other clients as otherwise permissible under regulatory guidance, applicable regulations and OFS Advisor's allocation policy. Under this allocation policy, if two or more investment vehicles with similar or overlapping investment strategies are in their investment periods, an available opportunity will be allocated based on the provisions governing allocations of such investment opportunities in the relevant organizational, offering or similar documents, if any, for such investment vehicles. In the absence of any such provisions, OFS Advisor will consider the following factors and the weight that should be given with respect to each of these factors:

- investment guidelines and/or restrictions, if any, set forth in the applicable organizational, offering or similar documents for the investment vehicles;
- risk and return profile of the investment vehicles;
- suitability/priority of a particular investment for the investment vehicles;
- if applicable, the targeted position size of the investment for the investment vehicles;

- level of available cash for investment with respect to the investment vehicles;
- total amount of funds committed to the investment vehicles; and
- the age of the investment vehicles and the remaining term of their respective investment periods, if any.

In situations where co-investment with such other accounts is not permitted or appropriate, such as when there is an opportunity to invest in different securities of the same issuer or where the different investments could be expected to result in a conflict between our interests and those of other accounts, OFS Advisor will need to decide which account will proceed with the investment. The decision by OFS Advisor to allocate an opportunity to another entity could cause us to forego an investment opportunity that we otherwise would have made. Moreover, except in certain circumstances, we will be unable to invest in any issuer in which OFSAM and its other affiliates or a fund managed by OFSAM or its other affiliates has previously invested. Similar restrictions limit our ability to transact business with our officers or directors or their affiliates. These restrictions may limit the scope of investment opportunities that would otherwise be available to us.

We may also be prohibited under the 1940 Act from knowingly participating in certain transactions with our affiliates without the prior approval of members of our board of directors who are not interested persons and, in some cases, prior approval by the SEC. The SEC has interpreted the business development company regulations governing transactions with affiliates to prohibit certain "joint transactions" between entities that share a common investment adviser. Historically, we have invested in a number of the same middle-market companies as a fund managed by OFSAM or one of its affiliates. Most of these co-investments have been in securities of the same seniority. Concurrently with the OFS Capital WM Transaction, we distributed to OFSAM a substantial portion of our loan portfolio and certain of our equity investments. In connection with our election to be regulated as a business development company, we will not be permitted to co-invest with other funds managed by OFSAM or one of its affiliates in certain types of negotiated investment transactions unless we receive exemptive relief from the SEC permitting us to do so. Moreover, we may be limited in our ability to make follow-on investments or liquidate our existing equity investments in such companies. Although we intend to apply to the SEC for exemptive relief to permit such co-investment and liquidity transactions, subject to certain conditions, we cannot be certain that our application for such relief will be granted or what conditions will be placed on such relief.

We may not be approved for an SBIC license.

On October 7, 2009 we received preliminary authorization from the SBA in the form of a "Green Light" letter, to begin the application process to become licensed as an SBIC. Subsequent to receiving the "Green Light" letter, the SBA approved Mr. Pittson as a member of our SBIC subsidiary's investment committee. We cannot presently predict whether we will receive an SBIC license. If we do not receive an SBIC license, we will not be able to take advantage of investment opportunities through our SBIC subsidiary and may not be able to achieve our investment objective.

We may not receive exemptive relief from the SEC to permit us to exclude the debt of our SBIC subsidiary from our asset coverage test, which may decrease our capacity to fund investments with debt capital.

We expect to apply for exemptive relief from the SEC to permit us to exclude the debt of our SBIC subsidiary guaranteed by the SBA from our 200% asset coverage test under the 1940 Act. We cannot assure you that we will receive exemptive relief from the SEC and if we do not receive an exemption for this SBA debt, we would have reduced capacity to fund investments with debt capital. As a result, we may not be able to realize fully the benefits of owning our SBIC subsidiary and may not achieve our investment objective.

SBA regulations limit the outstanding dollar amount of SBA guaranteed debentures that may be issued by an SBIC or group of SBICs under common control.

SBA regulations currently limit the amount that an SBIC may borrow to up to a maximum of $150 million when it has at least $75 million in regulatory capital, receives a capital commitment from the SBA and has been

through an examination by the SBA subsequent to licensing. For two or more SBICs under common control, the maximum amount of outstanding SBA-provided leverage cannot exceed $225 million. We cannot presently predict whether or not we will, once and if we receive an SBIC license, borrow the maximum permitted amount; if we reach the maximum dollar amount of SBA guaranteed debentures permitted, and thereafter require additional capital, our cost of capital may increase, and there is no assurance that we will be able to obtain additional financing on acceptable terms.

Moreover, once it receives an SBIC license, our SBIC subsidiary's status as an SBIC does not automatically assure that it will receive SBA guaranteed debenture funding. Receipt of SBA leverage funding is dependent upon whether our SBIC subsidiary is and continues to be in compliance with SBA regulations and policies and whether funding is available. The amount of SBA leverage funding available to SBICs is dependent upon annual Congressional authorizations and in the future may be subject to annual Congressional appropriations. There can be no assurance that there will be sufficient debenture funding available at the times desired by our SBIC subsidiary.

Our SBIC subsidiary, if it is granted an SBIC license, will be subject to SBA regulations.

We intend to pursue a portion of our investment strategy through our SBIC subsidiary, which we intend to be licensed by the SBA as an SBIC. Upon receipt of an SBIC license, our SBIC subsidiary will be regulated by the SBA. Receipt of an SBIC license will allow our SBIC subsidiary to obtain leverage by issuing SBA-guaranteed debentures, subject to the issuance of a capital commitment by the SBA and other customary procedures. The SBA places certain limitations on the financing terms of investments by SBICs in portfolio companies and prohibits SBICs from providing funds for certain purposes or to businesses in a few prohibited industries. Compliance with SBIC requirements may cause our SBIC subsidiary to forego attractive investment opportunities that are not permitted under SBA regulations.

Further, the SBA regulations require that a licensed SBIC be periodically examined and audited by the SBA to determine its compliance with the relevant SBA regulations. The SBA prohibits, without prior SBA approval, a "change of control" of an SBIC or transfers that would result in any person (or a group of persons acting in concert) owning 10% or more of a class of capital stock of a licensed SBIC. If our SBIC subsidiary fails to comply with applicable SBA regulations, the SBA could, depending on the severity of the violation, limit or prohibit its use of debentures, declare outstanding debentures immediately due and payable, and/or limit it from making new investments. In addition, the SBA can revoke or suspend a license for willful or repeated violation of, or willful or repeated failure to observe, any provision of the Small Business Investment Act of 1958 or any rule or regulation promulgated thereunder. These actions by the SBA would, in turn, negatively affect us because our SBIC subsidiary will be our wholly-owned subsidiary.

The SBA prohibits an SBIC from providing funds to small businesses for certain purposes, such as relending or investing outside of the United States, and providing funds to businesses engaged in a few prohibited industries and to certain "passive" (i.e., non-operating) companies. In addition, without prior SBA approval, an SBIC may not invest an amount equal to more than approximately 30% of the SBIC's regulatory capital in any one company and its affiliates.

The SBA restricts the ability of SBICs to repurchase their capital stock. SBA regulations also include restrictions on a "change of control" or transfer of an SBIC and require that SBICs invest idle funds in accordance with SBA regulations. In addition, our SBIC subsidiary may also be limited in its ability to make distributions to us if it does not have sufficient capital, in accordance with SBA regulations.

If our SBIC subsidiary receives a license, it will be subject to regulation and oversight by the SBA, including requirements with respect to maintaining certain minimum financial ratios and other covenants. Receipt of an SBIC license does not assure that our SBIC subsidiary will receive SBA-guaranteed debenture funding, and such funding is dependent upon our SBIC subsidiary's continuing to be in compliance with SBA regulations and policies. Further, upon licensure, if we do receive SBA-guaranteed debenture funding and fail to comply with applicable SBA regulations, the SBA could, depending on the severity of the violation, limit or prohibit our SBIC subsidiary's use of debentures, declare outstanding debentures, if any, immediately due and payable and/or limit our SBIC subsidiary from making any new investments.

The SBA, as a creditor, will have a superior claim to our SBIC subsidiary's assets over our stockholders in the event we liquidate our SBIC subsidiary or the SBA exercises its remedies under the SBA debentures issued by our SBIC subsidiary in the event of a default.

Notwithstanding that OFSC has employed the three individuals who will serve on our SBIC subsidiary's investment committee and manage the investment activities of our SBIC subsidiary and that the SBA recently approved Mr. Pittson as the fourth member of our SBIC subsidiary's investment committee, we cannot assure you that our SBIC subsidiary will receive an SBIC license, that our SBIC subsidiary will receive the capital commitment from the SBA necessary to begin issuing SBA-guaranteed debentures or that we will receive the exemptive relief from the SEC relating to excluding our SBIC subsidiary's debt from our 200% asset coverage test.

We intend to finance our investments with borrowed money, which will magnify the potential for gain or loss on amounts invested and may increase the risk of investing in us.

The use of leverage magnifies the potential for gain or loss on amounts invested. The use of leverage is generally considered a speculative investment technique and increases the risks associated with investing in our securities. We may pledge up to 100% of our assets and may grant a security interest in all of our assets under the terms of any debt instruments we may enter into with lenders. In addition, under the terms of any credit facility or other debt instrument we enter into, we are likely to be required by its terms to use the net proceeds of any investments that we sell to repay a portion of the amount borrowed under such facility or instrument before applying such net proceeds to any other uses. If the value of our assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not leveraged, thereby magnifying losses or eliminating our equity stake in a leveraged investment. Similarly, any decrease in our revenue or income will cause our net income to decline more sharply than it would have had we not borrowed. Such a decline would also negatively affect our ability to make dividend payments on our common stock or preferred stock. Our ability to service our debt will depend largely on our financial performance and will be subject to prevailing economic conditions and competitive pressures. Moreover, because the management fee payable to OFS Advisor is payable based on our total assets (other than cash, cash equivalents but including assets purchased with borrowed amounts and including any assets owned by our SBIC subsidiary), OFS Advisor will have a financial incentive to incur leverage which may not be consistent with our stockholders' interests. In addition, our common stockholders will bear the burden of any increase in our expenses as a result of our use of leverage, including interest expenses and any increase in the management fee payable to OFS Advisor.

As a business development company, we generally will be required to meet a coverage ratio of total assets to total borrowings and other senior securities, which include all of our borrowings and any preferred stock that we may issue in the future, of at least 200%. If this ratio declines below 200%, we will not be able to incur additional debt and could be required to sell a portion of our investments to repay some debt when it is disadvantageous to do so. This could have a material adverse effect on our operations, and we may not be able to make distributions. The amount of leverage that we employ will depend on OFS Advisor's and our board of directors' assessment of market and other factors at the time of any proposed borrowing. We cannot assure you that we will be able to obtain credit at all or on terms acceptable to us.

The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns, net of expenses, and giving effect to the Pro Forma Transactions. The calculations in the table below are hypothetical and actual returns may be higher or lower than those appearing in the table below.

	Assumed Return on Our Portfolio (Net of Expenses)				
	-10%	-5%	0%	5%	10%
Corresponding return to common stockholder(1)	- %	- %	- %	%	%

(1) Assumes $72.7 million in total pro forma assets, debt outstanding in an amount equal to % of our pro forma average total assets and $69.5 million in net assets as of December 31, 2010 and an average cost of funds of %.

To the extent we use debt to finance our investments, changes in interest rates will affect our cost of capital and net investment income.

To the extent we borrow money to make investments, our net investment income will depend, in part, upon the difference between the rate at which we borrow funds and the rate at which we invest those funds. As a result, we can offer no assurance that a significant change in market 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 periods of rising interest rates, our cost of funds would increase, which could reduce our net investment income. We may use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations. Such techniques may include various interest rate hedging activities to the extent permitted by the 1940 Act.

You should also be aware that a rise in the general level of interest rates typically leads to higher interest rates applicable to our debt investments. Accordingly, an increase in interest rates may result in an increase of the amount of incentive fees payable to OFS Advisor.

We may enter into reverse repurchase agreements, which are another form of leverage.

We may enter into reverse repurchase agreements as part of our management of our temporary investment portfolio. Under a reverse repurchase agreement, we will effectively pledge our assets as collateral to secure a short-term loan. Generally, the other party to the agreement makes the loan in an amount equal to a percentage of the fair value of the pledged collateral. At the maturity of the reverse repurchase agreement, we will be required to repay the loan and correspondingly receive back our collateral. While used as collateral, the assets continue to pay principal and interest which are for the benefit of us.

Our use of reverse repurchase agreements, if any, involves many of the same risks involved in our use of leverage, as the proceeds from reverse repurchase agreements generally will be invested in additional securities. There is a risk that the market value of the securities acquired in the reverse repurchase agreement may decline below the price of the securities that we have sold but remain obligated to purchase. In addition, there is a risk that the market value of the securities retained by us may decline. If a buyer of securities under a reverse repurchase agreement were to file for bankruptcy or experience insolvency, we may be adversely affected. Also, in entering into reverse repurchase agreements, we would bear the risk of loss to the extent that the proceeds of such agreements at settlement are less than the fair value of the underlying securities being pledged. In addition, due to the interest costs associated with reverse repurchase agreements transactions, our net asset value would decline, and, in some cases, we may be worse off than if we had not used such instruments.

We operate in a highly competitive market for investment opportunities, which could reduce returns and result in losses.

A number of entities compete with us to make the types of investments that we plan to make. We will compete with public and private funds, commercial and investment banks, commercial financing companies and, to the extent they provide an alternative form of financing, private equity and hedge funds. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, we believe some of our competitors may have access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a business development company or the source of income, asset diversification and distribution requirements we must satisfy to maintain our RIC status. The competitive pressures we face may have a material adverse effect on our business, financial condition and results of operations. As a result of this competition, we may not be able to take advantage of attractive investment opportunities from time to time, and we may not be able to identify and make investments that are consistent with our investment objective.

With respect to the investments we make, we will not seek to compete based primarily on the interest rates we will offer, and we believe that some of our competitors may make loans with interest rates that will be lower than the rates we offer. In the secondary market for acquiring existing loans, we expect to compete generally on

the basis of pricing terms. With respect to all investments, we may lose some investment opportunities if we do not match our competitors' pricing, terms and structure. However, if we match our competitors' pricing, terms and structure, we may experience decreased net interest income, lower yields and increased risk of credit loss. We may also compete for investment opportunities with OFSAM and its other affiliates or accounts managed by OFSAM or one of its other affiliates. Although OFS Advisor will allocate opportunities in accordance with its policies and procedures, allocations to such other accounts will reduce the amount and frequency of opportunities available to us and may not be in the best interests of us and our stockholders. Moreover, the performance of investments will not be known at the time of allocation.

We will be subject to corporate-level federal income tax if we are unable to qualify or maintain our qualification as a RIC.

Although we intend to elect to be treated as a RIC under Subchapter M of the Code for the year ending December 31, 2011 and succeeding tax years, no assurance can be given that we will be able to qualify for and maintain RIC status. If we qualify as a RIC under the Code, we will not be required to pay corporate level federal income taxes on our income and capital gains distributed (or deemed distributed) to our stockholders. To qualify as a RIC under the Code and to be relieved of federal taxes on income and gains distributed to our stockholders, we must meet certain source-of-income, asset diversification and distribution requirements. The distribution requirement for a RIC is satisfied if we distribute at least 90% of our net ordinary income and net short-term capital gains in excess of net long-term capital losses, if any, to our stockholders on an annual basis. In addition, we will be subject to a 4% nondeductible federal excise tax to the extent that we do not satisfy certain additional minimum distribution requirements on a calendar-year basis. We will be subject, to the extent we use debt financing, to certain asset coverage ratio requirements under the 1940 Act and financial covenants under loan and credit agreements that could, under certain circumstances, restrict us from making distributions necessary to qualify as a RIC. If we are unable to obtain cash from other sources, we may fail to qualify and maintain our qualification for the tax benefits available to RICs and, thus, may be subject to corporate-level federal income tax. To qualify and maintain our qualification as a RIC, we must also meet certain asset diversification requirements at the end of each calendar quarter. Failure to meet these tests may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. Because most of our investments will be in private or thinly traded public companies, any such dispositions could be made at disadvantageous prices and may result in substantial losses. If we fail to qualify as a RIC for any reason and become subject to corporate-level federal income tax, the resulting corporate taxes could substantially reduce our net assets, the amount of income available for distributions to stockholders and the amount of our distributions and the amount of funds available for new investments. Such a failure would have a material adverse effect on us and our stockholders. See "Material U.S. Federal Income Tax Considerations—Taxation as a RIC."

Our subsidiaries and portfolio companies may be unable to make distributions to us that will enable us to meet RIC requirements, which could result in the imposition of an entity-level tax.

In order for us to qualify as a RIC and to minimize corporate-level taxes, we will be required to distribute on an annual basis substantially all of our taxable income, which would include income from our subsidiaries and portfolio companies (including our SBIC subsidiary and OFS Capital WM). As a substantial portion of our investments consists of our investment in OFS Capital WM or is anticipated to be made through our SBIC subsidiary, we will be substantially dependent on those entities for cash distributions to enable us to meet the RIC distribution requirements. Our SBIC subsidiary may be limited by the Small Business Investment Act of 1958 and SBA regulations governing SBICs from making certain distributions to us that may be necessary to enable us to qualify as a RIC. We may have to request a waiver of the SBA's restrictions for our SBIC subsidiary to make certain distributions to maintain our status as a RIC and we cannot assure you that the SBA will grant such waiver. Additionally, OFS Capital WM, which will be our largest portfolio company upon consummation of the BDC Conversion, is managed by an unaffiliated loan manager pursuant to the WM Credit Facility documentation, which prescribes the order in which payments are to be applied and contains other contractual restrictions. Accordingly, we cannot assure you that OFS Capital WM will make distributions to us. If our subsidiaries and portfolio companies are unable to make distributions to us, this may result in loss of RIC status and a consequent imposition of a corporate-level federal income tax on us.

We may have difficulty paying our required distributions if we recognize income before, or without, receiving cash representing such income.

For U.S. federal income tax purposes, we will include in income certain amounts that we have not yet received in cash, such as the accretion of original issue discount ("OID"). This may arise if we purchase assets at a discount, receive warrants in connection with the making of a loan or in other circumstances, or through contracted payment-in-kind ("PIK") interest (meaning interest paid in the form of additional principal amount of the loan instead of in cash), which represents contractual interest added to the loan balance and due at the end of the loan term. Such OID, which could be significant relative to our overall investment activities, or increases in loan balances as a result of contracted PIK arrangements, will be included in income before we receive any corresponding cash payments. We also may be required to include in income certain other amounts that we will not receive in cash. Additionally, assets have been transferred to us with built-in-gain (i.e., assets in respect of which our basis is less than fair market value upon receipt of such assets ("built-in-gain assets")).

Since in certain cases we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the requirement to distribute at least 90% of our net ordinary income and net short-term capital gains in excess of net long-term capital losses, if any, to qualify for the tax benefits available to RICs. In such a case, we may have to sell some of our investments at times and/or at prices we would not consider advantageous, raise additional debt or equity capital or reduce new investment originations and sourcings to meet these distribution requirements. If we sell built-in-gain assets, we may be required to recognize taxable income in respect of the built-in-gain on such assets. In such a case, we would have to distribute all of our taxable gain (including the built-in-gain) in respect of such sale to avoid the imposition of entity-level tax on such gain. If we are not able to obtain such cash from other sources, we may fail to qualify for the tax benefits available to RICs and thus be subject to corporate-level income tax. See "Material U.S. Federal Income Tax Considerations—Taxation as a RIC."

We may in the future choose to pay dividends in our own stock, in which case you may be required to pay tax in excess of the cash you receive.

We may distribute taxable dividends that are payable in part in our stock. Under a recently-issued IRS revenue procedure, up to 90% of any such taxable dividend with respect to a taxable year ending on or before December 31, 2011 could be payable in our stock. Taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income (or as long-term capital gain to the extent such distribution is properly designated 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. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. stockholder sells the stock it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our stock.

In addition, as discussed above, our loans may contain a PIK interest provision. The PIK interest, computed at the contractual rate specified in each loan agreement, is added to the principal balance of the loan and recorded as interest income. To avoid the imposition of corporate-level tax on us, this non-cash source of income needs to be paid out to stockholders in cash distributions or, in the event that we rely on the IRS revenue procedure, in shares of our common stock, even though we have not yet collected and may never collect the cash relating to the PIK interest. As a result, if we distribute taxable dividends in the form of our common stock, we may have to distribute a stock dividend to account for PIK interest even though we have not yet collected the cash. Regulations governing our operation as a business development company affect our ability to and the way in which we raise additional capital. As a business development company, we will need to raise additional capital, which will expose us to risks, including the typical risks associated with leverage.

Regulations governing our operation as a business development company affect our ability to and the way in which we raise additional capital. As a business development company, we will need to raise additional capital, which will expose us to risks, including the typical risks associated with leverage.

We may issue debt securities or preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as "senior securities," up to the maximum amount permitted by the 1940 Act. Under the provisions of the 1940 Act, we will be permitted as a business development company to issue senior securities in amounts such that our asset coverage ratio, as defined in the 1940 Act, equals at least 200% of gross assets less all liabilities and indebtedness not represented by senior securities, after each issuance of senior securities. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our indebtedness at a time when such sales may be disadvantageous. Also, any amounts that we use to service our indebtedness would not be available for distributions to our common stockholders. If we issue senior securities, we will be exposed to typical risks associated with leverage, including an increased risk of loss.

Following this offering, we plan to seek a credit facility to finance investments and potentially for working capital requirements. If our SBIC subsidiary obtains an SBIC license and satisfies certain other conditions, it is our intention to invest over time up to $225 million through our SBIC subsidiary, which includes borrowings by our SBIC subsidiary of up to a maximum of $150 million by issuing SBA-guaranteed debentures to make debt and equity investments in eligible small businesses in the United States. There can be no assurance that we will be able to obtain such financing on favorable terms or at all, or that we will be able to borrow additional funds through our SBIC subsidiary.

No person or entity from which we borrow money will have a veto power or a vote in approving or changing any of our fundamental policies. If we issue preferred stock, the preferred stock would rank "senior" to common stock in our capital structure, preferred stockholders would have separate voting rights on certain matters and might have other rights, preferences or privileges more favorable than those of our common stockholders, and the issuance of preferred stock could have the effect of delaying, deferring or preventing a transaction or a change of control that might involve a premium price for holders of our common stock or otherwise be in your best interest. Holders of our common stock will directly or indirectly bear all of the costs associated with offering and servicing any preferred stock that we issue. In addition, any interests of preferred stockholders may not necessarily align with the interests of holders of our common stock and the rights of holders of shares of preferred stock to receive dividends would be senior to those of holders of shares of our common stock. We do not, however, anticipate issuing preferred stock during the 12 months following this offering.

We are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then-current net asset value per share of our common stock if our board of directors determines that such sale is in the best interests of us and our stockholders, and if our stockholders approve such sale. In any such case, the price at which our securities are to be issued and sold may not be less than a price that, in the determination of our board of directors, closely approximates the market value of such securities (less any distributing commission or discount). If we raise additional funds by issuing common stock or senior securities convertible into, or exchangeable for, our common stock, then the percentage ownership of our stockholders at that time will decrease, and you might experience dilution.

Our ability to invest in public companies may be limited in certain circumstances.

To maintain our status as a business development company, we are not permitted to acquire any assets other than "qualifying assets" specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets (with certain limited exceptions). Subject to certain exceptions for follow-on investments and distressed companies, an investment in an issuer that has outstanding securities listed on a national securities exchange may be treated as qualifying assets only if such issuer has a common equity market capitalization that is less than $250 million at the time of such investment. We will not treat OFS Capital WM as one of our eligible portfolio companies. Upon completion of this offering, we anticipate that our investment in

OFS Capital WM will constitute approximately (but not more than) 30% of our assets. However, because we will have approximately 30% of our assets in non-qualifying assets at the completion of this offering, we will not be able to acquire any additional non-qualifying assets for the foreseeable future.

An extended continuation of the disruption in the capital markets and the credit markets could negatively affect our business.

As a business development company, we must maintain our ability to raise additional capital for investment purposes. Without sufficient access to the capital markets or credit markets, we may be forced to curtail our business operations or we may not be able to pursue new business opportunities. Since the middle of 2007, the capital markets and the credit markets have been experiencing extreme volatility and disruption and, accordingly, there has been and will continue to be uncertainty in the financial markets in general. Ongoing disruptive conditions in the financial industry and the impact of new legislation in response to those conditions could restrict our business operations and could adversely impact our results of operations and financial condition.

Once we have fully invested the net proceeds of this offering, we will access the capital markets periodically to issue debt or equity securities or borrow from financial institutions in order to obtain such additional capital. Unfavorable economic conditions could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. A reduction in the availability of new capital could limit our ability to pursue new business opportunities and grow our business. In addition, we will be required to distribute at least 90% of our net ordinary income and net short-term capital gains in excess of net long-term capital losses, if any, to our stockholders to qualify for the tax benefits available to RICs. As a result, these earnings will not be available to fund new investments. An inability to access the capital markets successfully could limit our ability to grow our business and execute our business strategy fully and could decrease our earnings, if any, which may have an adverse effect on the value of our securities.

We are currently operating in a period of capital markets disruption.

The U.S. capital markets have been experiencing extreme volatility and disruption for more than two years, and the U.S. economy was in a recession for several consecutive calendar quarters during the same period. Disruptions in the capital markets have increased the spread between the yields realized on risk-free and higher risk securities, resulting in illiquidity in parts of the capital markets. A prolonged period of market illiquidity may have an adverse effect on our business, financial condition and results of operations. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could limit our investment originations and sourcings, limit our ability to grow and negatively impact our operating results.

Adverse developments in the credit markets may impair our ability to secure debt financing.

During the economic downturn in the United States that began in mid-2007, many commercial banks and other financial institutions stopped lending or significantly curtailed their lending activity. In addition, in an effort to stem losses and reduce their exposure to segments of the economy deemed to be high risk, some financial institutions limited routine refinancing and loan modification transactions and even reviewed the terms of existing facilities to identify bases for accelerating the maturity of existing lending facilities. As a result, it may be difficult for us to obtain desired financing to finance the growth of our investments on acceptable economic terms, or at all.

If we are unable to consummate credit facilities on commercially reasonable terms, our liquidity may be reduced significantly. If we are unable to repay amounts outstanding under any facility we may enter into and are declared in default or are unable to renew or refinance any such facility, it would limit our ability to initiate significant originations or to operate our business in the normal course. These situations may arise due to circumstances that we may be unable to control, such as inaccessibility of the credit markets, a severe decline in the value of the U.S. dollar, a further economic downturn or an operational problem that affects third parties or us, and could materially damage our business. Moreover, we are unable to predict when economic and market

conditions may become more favorable. Even if such conditions improve broadly and significantly over the long term, adverse conditions in particular sectors of the financial markets could adversely impact our business.

Additionally, SBA regulations currently limit the amount that an SBIC may borrow to up to a maximum of $150 million when it has at least $75 million in regulatory capital, receives a capital commitment from the SBA and has been through an examination by the SBA subsequent to licensing. We cannot assure you that we will receive an SBIC license or that we will be able to borrow funds upon receipt of an SBIC license.

If we do not invest a sufficient portion of our assets in qualifying assets, we could fail to qualify as a business development company or be precluded from investing according to our current business strategy.

As a business development company, we may not acquire any assets other than "qualifying assets" unless, at the time of and after giving effect to such acquisition, at least 70% of our total assets are qualifying assets. See "Regulation."

We believe that most of the investments that we may acquire in the future will constitute qualifying assets. However, we may be precluded from investing in what we believe are attractive investments if such investments are not qualifying assets for purposes of the 1940 Act. We will not treat our investment in OFS Capital WM as a qualifying asset. Upon completion of this offering, we anticipate that our investment in OFS Capital WM will constitute approximately (but not more than) 30% of our assets. However, because we will have approximately 30% of our assets in non-qualifying assets at the completion of this offering, we will not be able to acquire any additional non-qualifying assets for the foreseeable future. If a sufficient portion of our assets are not qualifying assets, we could violate the 1940 Act provisions applicable to business development companies. As a result of such violation, specific rules under the 1940 Act could prevent us, for example, from making follow-on investments in existing portfolio companies (which could result in the dilution of our position) or could require us to dispose of investments at inappropriate times in order to come into compliance with the 1940 Act. If we need to dispose of such investments quickly, it could be difficult to dispose of such investments on favorable terms. We may not be able to find a buyer for such investments and, even if we do find a buyer, we may have to sell the investments at a substantial loss. Any such outcomes would have a material adverse effect on our business, financial condition and results of operations.

If we do not maintain our status as a business development company, we would be subject to regulation as a registered closed-end investment company under the 1940 Act. As a registered closed-end fund, we would be subject to substantially more regulatory restrictions under the 1940 Act which would significantly decrease our operating flexibility.

Many of our portfolio investments will be recorded at fair value as determined in good faith by our board of directors and, as a result, there may be uncertainty as to the value of our portfolio investments.

We expect that many of our portfolio investments (including our investment in OFS Capital WM) will take the form of securities that are not publicly traded. The fair value of securities and other investments that are not publicly traded may not be readily determinable, and we will value these securities at fair value as determined in good faith by our board of directors, including to reflect significant events affecting the value of our securities. Most of our investments (other than cash and cash equivalents) will be classified as Level 3 under Statement of Financial Accounting Standards 157, *Fair Value Measurement* (ASC Topic 820) ("FAS 157 (ASC Topic 820)"). This means that our portfolio valuations will be based on unobservable inputs and our own assumptions about how market participants would price the asset or liability in question. We expect that inputs into the determination of fair value of our portfolio investments will require significant management judgment or estimation. Even if observable market data are available, such information may be the result of consensus pricing information or broker quotes, which include a disclaimer that the broker would not be held to such a price in an actual transaction. The non-binding nature of consensus pricing and/or quotes accompanied by disclaimers materially reduces the reliability of such information. We expect to retain the services of one or more independent service providers to review the valuation of these securities. The types of factors that the board of directors may take into account in determining the fair value of our investments generally include, as appropriate, comparison to publicly traded securities including such factors as yield, maturity and measures of credit quality,

the enterprise value of a portfolio company, the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business and other relevant factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. Our net asset value could be adversely affected if our determinations regarding the fair value of our investments were materially higher than the values that we ultimately realize upon the disposal of such securities.

We will adjust quarterly the valuation of our portfolio to reflect our board of directors' determination of the fair value of each investment in our portfolio. Any changes in fair value are recorded in our statement of income as net change in unrealized appreciation or depreciation.

We may experience fluctuations in our quarterly operating results.

We could experience fluctuations in our quarterly operating results due to a number of factors, including the interest rate payable on the debt securities we acquire, the default rate on such securities, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, distributions from our subsidiaries and portfolio companies, the degree to which we encounter competition in our markets and general economic conditions. In light of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

New or modified laws, regulations or accounting standards governing our operations may adversely affect our business.

We and our portfolio companies will be subject to regulation by laws at the U.S. federal, state and local levels. These laws and regulations, including applicable accounting standards, as well as their interpretation, may change from time to time, and new laws, regulations, accounting standards and interpretations may also come into effect. Any such new or changed laws or regulations could have a material adverse effect on our business.

Additionally, changes to the laws and regulations governing our operations related to permitted investments may cause us to alter our investment strategy, including making investments in entities such as OFS Capital WM, in order to avail ourselves of new or different opportunities. Such changes could result in material differences to the strategies and plans set forth in this prospectus and our accounting practices described in this prospectus, and may shift our investment focus from the areas of expertise of OFS Advisor to other types of investments in which OFS Advisor may have little or no expertise or experience. Any such changes, if they occur, could have a material adverse effect on our results of operations and the value of your investment.

Our board of directors may change our investment objective, operating policies and strategies without prior notice or stockholder approval.

Our board of directors has the authority, except as otherwise provided in the 1940 Act, to modify or waive certain of our operating policies and strategies without prior notice and without stockholder approval. However, absent stockholder approval, we may not change the nature of our business so as to cease to be, or withdraw our election as, a business development company. Under Delaware law, we also cannot be dissolved without prior stockholder approval except by judicial action. We cannot predict the effect any changes to our current operating policies and strategies would have on our business, operating results and the price value of our common stock. Nevertheless, any such changes could adversely affect our business and impair our ability to make distributions.

Provisions of the General Corporation Law of the State of Delaware and our certificate of incorporation and bylaws could deter takeover attempts and have an adverse effect on the price of our common stock.

The General Corporation Law of the State of Delaware (the "DGCL") contains provisions that may discourage, delay or make more difficult a change in control of us or the removal of our directors. Our certificate of incorporation and bylaws contain provisions that limit liability and provide for indemnification of our directors and officers. These provisions and others also may have the effect of deterring hostile takeovers or

delaying changes in control or management. We are subject to Section 203 of the DGCL, the application of which is subject to any applicable requirements of the 1940 Act. This section generally prohibits us from engaging in mergers and other business combinations with stockholders that beneficially own 15% or more of our voting stock, or with their affiliates, unless our directors or stockholders approve the business combination in the prescribed manner. Section 203 of the DGCL may discourage third parties from trying to acquire control of us and increase the difficulty of consummating such an offer.

We have also adopted measures that may make it difficult for a third party to obtain control of us, including provisions of our certificate of incorporation authorizing our board of directors to classify or reclassify shares of our stock in one or more classes or series and to cause the issuance of additional shares of our stock. These provisions, as well as other provisions of our certificate of incorporation and bylaws, may delay, defer or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders.

OFS Advisor can resign on 60 days' notice, and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations.

OFS Advisor has the right, under the Investment Advisory Agreement, to resign at any time upon not less than 60 days' written notice, whether we have found a replacement or not. If OFS Advisor resigns, we may not be able to find a new investment adviser or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. If we are unable to do so quickly, our operations are likely to experience a disruption, our financial condition, business and results of operations as well as our ability to pay distributions are likely to be adversely affected and the market price of our shares may decline. In addition, the coordination of our internal management and investment activities is likely to suffer if we are unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by OFS Advisor and its affiliates, including the expertise of our SBIC subsidiary's management personnel. Even if we are able to retain comparable management, whether internal or external, the integration of such management and their lack of familiarity with our investment objective may result in additional costs and time delays that may adversely affect our financial condition, business and results of operations. The inability to access, hire or retain our SBIC subsidiary's management personnel could materially delay our receipt of an SBIC license or, if our SBIC subsidiary has received a license, impede the SBIC's ability to access the SBA's guaranteed-debenture program until we have resolved this issue to the SBA's satisfaction.

OFS Services can resign from its role as our Administrator under the Administration Agreement, and we may not be able to find a suitable replacement, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations.

OFS Services has the right to resign under the Administration Agreement, whether we have found a replacement or not. If OFS Services resigns, we may not be able to find a new administrator or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms, or at all. If we are unable to do so quickly, our operations are likely to experience a disruption, our financial condition, business and results of operations as well as our ability to pay distributions are likely to be adversely affected and the market price of our shares may decline. In addition, the coordination of our internal management and administrative activities is likely to suffer if we are unable to identify and reach an agreement with a service provider or individuals with the expertise possessed by OFS Services. Even if we are able to retain a comparable service provider or individuals to perform such services, whether internal or external, their integration into our business and lack of familiarity with our investment objective may result in additional costs and time delays that may adversely affect our financial condition, business and results of operations.

We will incur significant costs as a result of being a publicly traded company.

As a publicly traded company, we will incur legal, accounting and other expenses, including costs associated with the periodic reporting requirements applicable to a company whose securities are registered under the Exchange Act, as well as additional corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and other rules implemented by the SEC.

Efforts to comply with Section 404 of the Sarbanes-Oxley Act will involve significant expenditures, and non-compliance with Section 404 of the Sarbanes-Oxley Act may adversely affect us and the market price of our common stock.

Under current SEC rules, beginning with our fiscal year ending December 31, 2012, we will be required to report on our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act and related rules and regulations of the SEC. We will be required to review on an annual basis our internal control over financial reporting, and on a quarterly and annual basis to evaluate and disclose changes in our internal control over financial reporting.

As a result, we expect to incur additional expenses in the near term that may negatively impact our financial performance and our ability to make distributions. This process also will result in a diversion of management's time and attention. We cannot be certain as to the timing of completion of our evaluation, testing and remediation actions or the impact of the same on our operations, and we may not be able to ensure that the process is effective or that our internal control over financial reporting is or will be effective in a timely manner. In the event that we are unable to maintain or achieve compliance with Section 404 of the Sarbanes-Oxley Act and related rules, we and the market price of our common stock may be adversely affected.

We are highly dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect the market price of our common stock and our ability to pay dividends.

Our business is highly dependent on the communications and information systems of OFS Advisor and its affiliates. Any failure or interruption of such systems could cause delays or other problems in our activities. This, in turn, could have a material adverse effect on our operating results and negatively affect the market price of our common stock and our ability to pay dividends to our stockholders.

Risks Related to Our Investments

Economic recessions or downturns could impair our portfolio companies and harm our operating results.

Many of our portfolio companies are susceptible to economic slowdowns or recessions and may be unable to repay our loans during these periods. Therefore, our non-performing assets are likely to increase and the value of our portfolio is likely to decrease during these periods. Adverse economic conditions may decrease the value of collateral securing some of our loans and the value of our equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing our investments and harm our operating results.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its assets, which could trigger cross-defaults under other agreements and jeopardize our portfolio company's ability to meet its obligations under the debt securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company. In addition, lenders in certain cases can be subject to lender liability claims for actions taken by them when they become too involved in the borrower's business or exercise control over a borrower. It is possible that we could become subject to a lender's liability claim, including as a result of actions taken if we render significant managerial assistance to the borrower. Furthermore, if one of our portfolio companies were to file for bankruptcy protection, even though we may have structured our investment as senior secured debt, depending on the facts and circumstances, including the extent to which we provided managerial assistance to that portfolio company, a bankruptcy court might re-characterize our debt holding and subordinate all or a portion of our claim to claims of other creditors.

Current market conditions have materially and adversely affected debt and equity capital markets in the United States and around the world.

Beginning in 2007 and continuing into 2010, the global capital markets have experienced a period of disruption resulting in increasing spreads between the yields realized on riskier debt securities and those realized on risk-free securities and a lack of liquidity in parts of the debt capital markets, significant write-offs in the financial services sector relating to subprime mortgages and the re-pricing of credit risk in the broadly syndicated market. These events, along with the deterioration of the housing market, illiquid market conditions, declining business and consumer confidence and the failure of major financial institutions in the United States, led to a general decline in economic conditions. This economic decline has materially and adversely affected the broader financial and credit markets and has reduced the availability of debt and equity capital for the market as a whole and to financial firms in particular. We generally have not originated any new loans over the last 24 months as a result of this economic deterioration. To the extent that we wish to use debt to fund our investments, the debt capital that will be available to us, if at all, may be at a higher cost, and on terms and conditions that may be less favorable, than what we expect, which could negatively affect our financial performance and results. A prolonged period of market illiquidity may cause us to reduce the volume of loans we originate and/or fund below historical levels and adversely affect the value of our portfolio investments, which could have a material and adverse effect on our business, financial condition, and results of operations. The continuation or further deterioration of current market conditions could materially and adversely affect our business.

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

Investment in leveraged companies involves a number of significant risks. Leveraged companies in which we invest may have limited financial resources and may be unable to meet their obligations under their debt securities that we hold. Such developments may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of our realizing any guarantees that we may have obtained in connection with our investment. In addition, our mezzanine loans are generally subordinated to senior loans and are generally unsecured. As such, other creditors may rank senior to us in the event of an insolvency. Smaller leveraged companies also may have less predictable operating results and may require substantial additional capital to support their operations, finance their expansion or maintain their competitive position.

Investing in our securities may involve an above-average degree of risk.

Historically, substantially all of our investment portfolio consisted of senior secured loans to middle-market companies in the United States. Following this offering, we intend to expand into additional asset classes, including investments in unitranche, second-lien and mezzanine loans and, to a lesser extent, warrants and other minority equity securities, which may result in a higher amount of risk than alternative investments, volatility or loss of principal. Our investments in portfolio companies may be highly speculative and aggressive, and therefore, an investment in our securities may not be suitable for someone with lower risk tolerance.

Our investments in private and middle-market portfolio companies are risky, and you could lose all or part of your investment.

Investment in private and middle-market companies involves a number of significant risks. Generally, little public information exists about these companies, and we expect to rely on the ability of OFS Advisor's investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and we may lose money on our investments. Middle-market companies may have limited financial resources and may be unable to meet their obligations under their debt securities that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of our realizing any guarantees we may have obtained in connection with our investment. In addition, such companies typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns. Additionally, middle-market companies are more likely to depend on the

management talents and efforts of a small group of persons. Therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us. Middle-market companies also may be parties to litigation and may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence. In addition, our executive officers, directors and OFS Advisor may, in the ordinary course of business, be named as defendants in litigation arising from our investments in the portfolio companies.

The lack of liquidity in our investments may adversely affect our business.

All of our assets may be invested in illiquid securities, and a substantial portion of our investments in leveraged companies will be subject to legal and other restrictions on resale or will otherwise be less liquid than more broadly traded public securities. The illiquidity of these investments may make it difficult for us to sell such investments if the need arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we have previously recorded our investments. We may also face other restrictions on our ability to liquidate an investment in a portfolio company to the extent that we, OFS Advisor, OFSAM or any of its other affiliates have material nonpublic information regarding such portfolio company.

Price declines and illiquidity in the corporate debt markets may adversely affect the fair value of our portfolio investments, reducing our net asset value through increased net unrealized depreciation.

As a business development company, we are required to carry our investments at market value or, if no market value is ascertainable, at fair value as determined in good faith by our board of directors. As part of the valuation process, we may take into account the following types of factors, if relevant, in determining the fair value of our investments:

- a comparison of the portfolio company's securities to publicly traded securities;
- the enterprise value of a portfolio company;
- the nature and realizable value of any collateral;
- the portfolio company's ability to make payments and its earnings and discounted cash flow;
- the markets in which the portfolio company does business; and
- changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments may be made in the future and other relevant factors.

When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, we use the pricing indicated by the external event to corroborate our valuation. We record decreases in the market values or fair values of our investments as unrealized depreciation. Declines in prices and liquidity in the corporate debt markets may result in significant net unrealized depreciation in our portfolio. The effect of all of these factors on our portfolio may reduce our net asset value by increasing net unrealized depreciation in our portfolio. Depending on market conditions, we could incur substantial realized losses and may suffer additional unrealized losses in future periods, which could have a material adverse effect on our business, financial condition and results of operations.

We have not yet identified the portfolio company investments we will acquire using the proceeds of this offering.

We have not yet identified additional potential investments for our portfolio that we will acquire with the proceeds of this offering. Privately negotiated investments in illiquid securities or private middle-market companies require substantial due diligence and structuring, and we cannot assure you that we will achieve our anticipated investment pace. As a result, you will be unable to evaluate any future portfolio company investments prior to purchasing our shares of common stock. Additionally, OFS Advisor will select our investments subsequent to the closing of this offering, and our stockholders will have no input with respect to such investment decisions. These factors increase the uncertainty, and thus the risk, of investing in our common stock.

During this period, we will invest these amounts in cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less from the date of investment. We expect these temporary investments to earn yields substantially lower than the income that we expect to receive in respect of investments in junior debt securities. As a result, any distributions we make during this period may be substantially smaller than the distributions that we expect to pay when our portfolio is fully invested.

We will be a non-diversified investment company within the meaning of the 1940 Act, and therefore we will not be limited with respect to the proportion of our assets that may be invested in securities of a single issuer.

We will be classified as a non-diversified investment company within the meaning of the 1940 Act, which means that we will not be limited by the 1940 Act with respect to the proportion of our assets that we may invest in securities of a single issuer. To the extent that we assume large positions in the securities of a small number of issuers, our net asset value may fluctuate to a greater extent than that of a diversified investment company as a result of changes in the financial condition or the market's assessment of the issuer. We may also be more susceptible to any single economic or regulatory occurrence than a diversified investment company. Beyond our asset diversification requirements as a RIC under the Code, we do not have fixed guidelines for diversification, and our investments could be concentrated in relatively few portfolio companies.

Our portfolio may be concentrated in a limited number of portfolio companies and industries, which will subject us to a risk of significant loss if any of these companies defaults on its obligations under any of its debt instruments or if there is a downturn in a particular industry.

Although we believe our portfolio is well-diversified across companies and industries, our portfolio is and may in the future be concentrated in a limited number of portfolio companies and industries. Beyond the asset diversification requirements associated with our qualification as a RIC under the Code, we do not have fixed guidelines for diversification. As a result, the aggregate returns we realize may be significantly adversely affected if a small number of investments perform poorly or if we need to write down the value of any one investment. Additionally, while we are not targeting any specific industries, our investments may be concentrated in relatively few industries. As a result, a downturn in any particular industry in which we are invested could also significantly impact the aggregate returns we realize.

We may hold the debt securities of leveraged companies that may, due to the significant volatility of such companies, enter into bankruptcy proceedings.

Although we generally do not expect to make investments in companies or securities that OFS Advisor determines to be distressed investments, we may hold debt securities of leveraged companies that may, due to the significant volatility of such companies, enter into bankruptcy proceedings or experience similar financial distress. The bankruptcy process has a number of significant inherent risks. Many events in a bankruptcy proceeding are the product of contested matters and adversary proceedings and are beyond the control of the creditors. A bankruptcy filing by an issuer may adversely and permanently affect the issuer. If the proceeding is converted to a liquidation, the value of the issuer may not equal the liquidation value that was believed to exist at the time of the investment. The duration of a bankruptcy proceeding is also difficult to predict, and a creditor's return on investment can be adversely affected by delays until the plan of reorganization or liquidation ultimately becomes effective. The administrative costs in connection with a bankruptcy proceeding are frequently high and would be paid out of the debtor's estate prior to any return to creditors. Because the standards for classification of claims under bankruptcy law are vague, our influence with respect to the class of securities or other obligations we own may be lost by increases in the number and amount of claims in the same class or by different classification and treatment. In the early stages of the bankruptcy process, it is often difficult to estimate the extent of, or even to identify, any contingent claims that might be made. In addition, certain claims that have priority by law (for example, claims for taxes) may be substantial.

Our failure to make follow-on investments in our portfolio companies could impair the value of our portfolio.

Following an initial investment in a portfolio company, we may make additional investments in that portfolio company as "follow-on" investments, in seeking to:

- increase or maintain in whole or in part our position as a creditor or equity ownership percentage in a portfolio company;
- exercise warrants, options or convertible securities that were acquired in the original or subsequent financing; or
- preserve or enhance the value of our investment.

We have discretion to make follow-on investments, subject to the availability of capital resources. Failure on our part to make follow-on investments may, in some circumstances, jeopardize the continued viability of a portfolio company and our initial investment, or may result in a missed opportunity for us to increase our participation in a successful operation. Even if we have sufficient capital to make a desired follow-on investment, we may elect not to make a follow-on investment because we may not want to increase our level of risk, because we prefer other opportunities or because we are inhibited by compliance with business development company requirements or the desire to maintain our RIC status. Our ability to make follow-on investments may also be limited by OFS Advisor's allocation policy.

Because we generally do not hold controlling equity interests in our portfolio companies, we may not be able to exercise control over our portfolio companies or to prevent decisions by management of our portfolio companies that could decrease the value of our investments.

Although we may do so in the future, we generally do not hold controlling equity positions in our portfolio companies. Although we are the sole owner of all of the equity interests of OFS Capital WM, a special purpose vehicle, an affiliate of Madison Capital, as loan manager, manages all of its assets, subject in certain circumstances to our consent, as administrative manager of OFS Capital WM. In addition, we could have a conflict of interest with Madison Capital and its affiliates by virtue of the fact that Madison Capital holds class B loans under the WM Credit Facility, whereas our interest is as an equityholder. Further, the limited liability company managers of OFS Capital WM consist of us and two managers independent of OFS Capital WM and us. As a result, we are subject to the risk that a portfolio company may make business decisions with which we disagree, and that the management and/or stockholders of a portfolio company may take risks or otherwise act in ways that are adverse to our interests. Due to the lack of liquidity of the debt and equity investments that we typically hold in our portfolio companies, we may not be able to dispose of our investments in the event we disagree with the actions of a portfolio company and may therefore suffer a decrease in the value of our investments.

Defaults by our portfolio companies will harm our operating results.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its assets. This could trigger cross-defaults under other agreements and jeopardize such portfolio company's ability to meet its obligations under the debt or equity securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting portfolio company.

Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies.

We intend to invest a substantial portion of our capital in senior secured, unitranche, second-lien and mezzanine loans issued by our portfolio companies. The portfolio companies usually have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt securities in which we invest. By their terms, such debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which we are entitled to receive payments in respect of the debt securities in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company,

holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution in respect of our investment. After repaying senior creditors, the portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with debt securities in which we invest, we would have to share any distributions on an equal and ratable basis with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

Additionally, certain loans that we make to portfolio companies may be secured on a second-priority basis by the same collateral securing senior secured debt of such companies. The first-priority liens on the collateral will secure the portfolio company's obligations under any outstanding senior debt and may secure certain other future debt that may be permitted to be incurred by the portfolio company under the agreements governing the loans. The holders of obligations secured by first-priority liens on the collateral will generally control the liquidation of, and be entitled to receive proceeds from, any realization of the collateral to repay their obligations in full before us. In addition, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of all of the collateral would be sufficient to satisfy the loan obligations secured by the second-priority liens after payment in full of all obligations secured by the first-priority liens on the collateral. If such proceeds were not sufficient to repay amounts outstanding under the loan obligations secured by the second- priority liens, then we, to the extent not repaid from the proceeds of the sale of the collateral, will only have an unsecured claim against the portfolio company's remaining assets, if any.

The rights we may have with respect to the collateral securing the loans we make to our portfolio companies with senior debt outstanding may also be limited pursuant to the terms of one or more intercreditor agreements that we enter into with the holders of such senior debt. Under a typical intercreditor agreement, at any time that obligations that have the benefit of the first-priority liens are outstanding, any of the following actions that may be taken in respect of the collateral will be at the direction of the holders of the obligations secured by the first-priority liens:

- the ability to cause the commencement of enforcement proceedings against the collateral;
- the ability to control the conduct of such proceedings;
- the approval of amendments to collateral documents;
- releases of liens on the collateral; and
- waivers of past defaults under collateral documents.

We may not have the ability to control or direct such actions, even if our rights are adversely affected.

We may also make unsecured loans to portfolio companies, meaning that such loans will not benefit from any interest in collateral of such companies. Liens on such portfolio companies' collateral, if any, will secure the portfolio company's obligations under its outstanding secured debt and may secure certain future debt that is permitted to be incurred by the portfolio company under its secured loan agreements. The holders of obligations secured by such liens will generally control the liquidation of, and be entitled to receive proceeds from, any realization of such collateral to repay their obligations in full before us. In addition, the value of such collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of such collateral would be sufficient to satisfy our unsecured loan obligations after payment in full of all secured loan obligations. If such proceeds were not sufficient to repay the outstanding secured loan obligations, then our unsecured claims would rank equally with the unpaid portion of such secured creditors' claims against the portfolio company's remaining assets, if any.

If we make subordinated investments, the obligors or the portfolio companies may not generate sufficient cash flow to service their debt obligations to us.

We may make subordinated investments that rank below other obligations of the obligor in right of payment. Subordinated investments are subject to greater risk of default than senior obligations as a result of

adverse changes in the financial condition of the obligor or in general economic conditions. If we make a subordinated investment in a portfolio company, the portfolio company may be highly leveraged, and its relatively high debt-to-equity ratio may create increased risks that its operations might not generate sufficient cash flow to service all of its debt obligations.

The disposition of our investments may result in contingent liabilities.

We currently expect that a significant portion of our investments will involve private securities. In connection with the disposition of an investment in private securities, we may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. We may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate or with respect to potential liabilities. These arrangements may result in contingent liabilities that ultimately result in funding obligations that we must satisfy through our return of distributions previously made to us.

Our base management fee may induce OFS Advisor to cause us to incur leverage.

Our base management fee is payable based upon our total assets, other than cash and cash equivalents but including assets purchased with borrowed amounts and including any assets owned by our SBIC subsidiary. This fee structure may encourage OFS Advisor to cause us to borrow money to finance additional investments. Under certain circumstances, the use of borrowed money may increase the likelihood of default, which would disfavor holders of our common stock, including investors in the common stock offered by this prospectus. Given the subjective nature of the investment decisions made by OFS Advisor on our behalf, our board of directors may not be able to monitor this potential conflict of interest effectively.

Our incentive fee may induce OFS Advisor to make certain investments, including speculative investments.

The incentive fee payable by us to OFS Advisor may create an incentive for OFS Advisor to make investments on our behalf that are riskier or more speculative than would be the case in the absence of such compensation arrangement. The way in which the incentive fee payable to OFS Advisor is determined may encourage OFS Advisor to use leverage to increase the return on our investments. Under certain circumstances, the use of leverage may increase the likelihood of default, which would disfavor our stockholders, including investors in this offering.

OFS Advisor receives an incentive fee based, in part, upon net capital gains realized on our investments. Unlike that portion of the incentive fee based on income, there is no hurdle rate applicable to the portion of the incentive fee based on net capital gains. As a result, OFS Advisor may have a tendency to invest more capital in investments that are likely to result in capital gains as compared to income producing securities. Such a practice could result in our investing in more speculative securities than would otherwise be the case, which could result in higher investment losses, particularly during economic downturns.

Our board of directors is charged with protecting our interests by monitoring how OFS Advisor addresses these and other conflicts of interests associated with its management services and compensation. While our board of directors is not expected to review or approve each borrowing or incurrence of leverage, our independent directors will periodically review OFS Advisor’s services and fees. In connection with these reviews, our independent directors will consider whether our fees and expenses (including those related to leverage) remain appropriate.

OFS Advisor’s liability will be limited under the Investment Advisory Agreement, and we have agreed to indemnify OFS Advisor against certain liabilities, which may lead OFS Advisor to act in a riskier manner on our behalf than it would when acting for its own account.

Under the Investment Advisory Agreement, OFS Advisor will not assume any responsibility to us other than to render the services called for under that agreement, and it will not be responsible for any action of our board of directors in following or declining to follow OFS Advisor’s advice or recommendations. Under the terms of the

Investment Advisory Agreement, OFS Advisor and its and its affiliates' respective officers, directors, members, managers, stockholders and employees will not be liable to us, any subsidiary of ours, our directors, our stockholders or any subsidiary's stockholders or partners for acts or omissions performed in accordance with and pursuant to the Investment Advisory Agreement, except those resulting from acts constituting gross negligence, willful misconduct, bad faith or reckless disregard of such person's duties under the Investment Advisory Agreement. In addition, we have agreed to indemnify OFS Advisor and its and its affiliates' respective officers, directors, members, managers, stockholders and employees from and against any claims or liabilities, including reasonable legal fees and other expenses reasonably incurred, arising out of or in connection with our business and operations or any action taken or omitted on our behalf pursuant to authority granted by the Investment Advisory Agreement, except where attributable to gross negligence, willful misconduct, bad faith or reckless disregard of such person's duties under the Investment Advisory Agreement. These protections may lead OFS Advisor to act in a riskier manner when acting on our behalf than it would when acting for its own account.

We may be subject to additional risks if we engage in hedging transactions and/or invest in foreign securities.

The 1940 Act generally requires that 70% of our investments be in issuers each of whom is organized under the laws of, and has its principal place of business in, any state of the United States, the District of Columbia, Puerto Rico, the Virgin Islands or any other possession of the United States. Our investment strategy does not presently contemplate investments in securities of non-U.S. companies. We expect that these investments would focus on the same junior debt securities investments that we intend to make in U.S. middle-market companies and accordingly would be complementary to our overall strategy and enhance the diversity of our holdings. Investing in securities of emerging market issuers involves many risks, including economic, social, political, financial, tax and security conditions in the emerging market, potential inflationary economic environments, regulation by foreign governments, different accounting standards and political uncertainties. Economic, social, political, financial, tax and security conditions also could negatively affect the value of emerging market companies. These factors could include changes in the emerging market government's economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other laws or restrictions applicable to the emerging market companies or investments in their securities and the possibility of fluctuations in the rate of exchange between currencies.

Engaging in either hedging transactions or investing in foreign securities would entail additional risks to our stockholders. We could, for example, use instruments such as interest rate swaps, caps, collars and floors and, if we were to invest in foreign securities, we could use instruments such as forward contracts or currency options and borrow under a credit facility in currencies selected to minimize our foreign currency exposure. In each such case, we generally would seek to hedge against fluctuations of the relative values of our portfolio positions from changes in market interest rates or currency exchange rates. Hedging against a decline in the values of our portfolio positions would not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of the positions declined. However, such hedging could establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions could also limit the opportunity for gain if the values of the underlying portfolio positions increased. Moreover, it might not be possible to hedge against an exchange rate or interest rate fluctuation that was so generally anticipated that we would not be able to enter into a hedging transaction at an acceptable price.

While we may enter into such transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates could result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged could vary. Moreover, for a variety of reasons, we might not seek to establish a perfect correlation between the hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation could prevent us from achieving the intended hedge and expose us to risk of loss. In addition, it might not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities would likely fluctuate as a result of factors not related to currency fluctuations.

We may not realize gains from our equity investments.

When we invest in senior secured, unitranche, second-lien and mezzanine loans, we may acquire warrants or other equity securities of portfolio companies as well. We may also invest in equity securities directly. To the extent we hold equity investments, except as described below, we will attempt to dispose of them and realize gains upon our disposition of them. However, the equity interests we receive may not appreciate in value and may decline in value. As a result, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience. In the case of OFS Capital WM, which will be our largest portfolio company upon consummation of the BDC Conversion, it is not our intention to dispose of our equity interests as a means of monetizing our investment, and we will not receive direct benefit from the sale of assets in the current portfolio. Rather, our return on our investment in OFS Capital WM will depend on the ability of OFS Capital WM's loan portfolio to generate cash flow in excess of payments required to be made to other parties under the terms of the WM Credit Facility documentation and distribution of the excess to us.

Risks Relating to This Offering

We cannot assure you that we will be able to deploy the proceeds of this offering within the timeframe we have contemplated.

We anticipate that substantially all of the net proceeds of this offering will be invested in portfolio companies in accordance with our investment objective within six months after the completion of this offering. We cannot assure you, however, that we will be able to locate a sufficient number of suitable investment opportunities to allow us to deploy those proceeds successfully in that timeframe. To the extent we are unable to invest those proceeds within our contemplated timeframe after the completion of this offering, our investment income and, in turn, our results of operations, will likely be materially adversely affected.

There is a risk that you may not receive distributions or that our distributions may not grow over time and a portion of our distributions may be a return of capital.

We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions. Our ability to pay distributions might be adversely affected by the impact of one or more of the risk factors described in this prospectus. Due to the asset coverage test applicable to us under the 1940 Act as a business development company, we may be limited in our ability to make distributions.

Investing in our common stock may involve an above-average degree of risk.

The investments we make in accordance with our investment objective may result in a higher amount of risk than alternative investment options and volatility or loss of principal. Our investments in portfolio companies may be highly speculative and aggressive and, therefore, an investment in our common stock may not be suitable for someone with lower risk tolerance.

The market price of our common stock may fluctuate significantly.

The market price and liquidity of the market for shares of our common stock that will prevail in the market after this offering may be higher or lower than the price you pay and may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include:

- significant volatility in the market price and trading volume of securities of business development companies or other companies in our sector, which is not necessarily related to the operating performance of these companies;
- changes in regulatory policies or tax guidelines, particularly with respect to RICs, SBICs or business development companies;

- failure to qualify for treatment as a RIC or loss of RIC or business development company status;
- failure of our SBIC subsidiary to qualify for treatment as an SBIC or its loss of status as an SBIC;
- changes or perceived changes in earnings or variations in operating results;
- changes or perceived changes in the value of our portfolio of investments;
- changes in accounting guidelines governing valuation of our investments;
- any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;
- departure of OFS Advisor's, OFSC's or any of their affiliates' key personnel;
- operating performance of companies comparable to us;
- general economic trends and other external factors; and
- loss of a major funding source.

We may allocate the net proceeds from this offering in ways with which you may disagree.

We will have significant flexibility in investing the net proceeds of this offering and may use the net proceeds from this offering in ways with which you may disagree or for purposes other than those contemplated at the time of the offering. We will also pay operating expenses, and may pay other expenses such as due diligence expenses of potential new investments, from net proceeds. Our ability to achieve our investment objective may be limited to the extent that net proceeds of our initial public offering, pending full investment, are used to pay operating expenses.

Prior to this offering, there has been no public market for our common stock, and we cannot assure you that a market for our common stock will develop or that the market price of shares of our common stock will not decline following the offering.

We cannot assure you that a trading market will develop for our common stock after this offering or, if one develops, that such trading market can be sustained. We have applied to have our common stock listed on The Nasdaq Global Market, but we cannot assure you that our application will be approved. In addition, we cannot predict the prices at which our common stock will trade. The initial public offering price for our common stock will be determined through our negotiations with the underwriters and may not bear any relationship to the market price at which it may trade after our initial public offering. Shares of companies offered in an initial public offering often trade at a discount to the initial offering price due to underwriting discounts and commissions and related offering expenses. Also, shares of closed-end investment companies, including business development companies, frequently trade at a discount from their net asset value and our stock may also be discounted in the market. This characteristic of closed-end investment companies is separate and distinct from the risk that our net asset value per share of common stock may decline. We cannot predict whether our common stock will trade at, above or below net asset value. The risk of loss associated with this characteristic of closed-end management investment companies may be greater for investors expecting to sell shares of common stock purchased in the offering soon after the offering. In addition, if our common stock trades below its net asset value, we will generally not be able to sell additional shares of our common stock to the public at its market price without first obtaining the approval of a majority of our stockholders (including a majority of our unaffiliated stockholders) and our independent directors for such issuance.

Investors in this offering will experience immediate dilution upon the closing of the offering.

If you purchase shares of our common stock in this offering, you will experience immediate dilution of $ per share because the price that you pay will be greater than the pro forma net asset value per share of the common stock you acquire. This dilution is in large part due to the expenses incurred by us in connection with the consummation of this offering. Investors in this offering will pay a price per share of common stock that exceeds the tangible book value per share after the closing of the offering.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about us, our current and prospective portfolio investments, our industry, our beliefs, and our assumptions. Words such as “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “would,” “should,” “targets,” “projects,” and variations of these words and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including without limitation:

- our inexperience operating a business development company or an SBIC, or qualifying as a RIC;
- our dependence on key personnel;
- our ability to maintain or develop referral relationships;
- the administration of OFS Capital WM’s portfolio by an unaffiliated loan manager;
- our ability to replicate historical results;
- the ability of OFS Advisor to identify, invest in and monitor companies that meet our investment criteria;
- actual and potential conflicts of interest with OFS Advisor and other affiliates of OFSAM;
- constraint on investment due to access to material nonpublic information;
- restrictions on our ability to enter into transactions with our affiliates;
- our ability to receive an SBIC license;
- our receipt of exemptive relief from the SEC to permit us to exclude the debt of our SBIC subsidiary from our asset coverage test;
- limitations on the amount of SBA-guaranteed debentures that may be issued by an SBIC;
- our ability to comply with additional SBIC regulations and requirements;
- the use of borrowed money to finance a portion of our investments;
- competition for investment opportunities;
- our ability to qualify and maintain our qualification as a RIC and as a business development company;
- the ability of our SBIC subsidiary and our portfolio companies to make distributions enabling us to meet RIC requirements;
- our ability to raise capital as a business development company;
- the timing, form and amount of any distributions from our portfolio companies;
- the impact of a protracted decline in the liquidity of credit markets on our business;
- the general economy and its impact on the industries in which we invest;
- uncertain valuations of our portfolio investments; and
- the effect of new or modified laws or regulations governing our operations.

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this prospectus should not be regarded as a representation by us that our plans and objectives will be achieved. These risks and uncertainties include, among other things, those described or identified in “Risk Factors” and elsewhere in this prospectus. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus.

USE OF PROCEEDS

We estimate that the net proceeds we will receive from the sale of shares of our common stock in this offering will be approximately $ million (or approximately $ million if the underwriters exercise their over-allotment option in full), assuming an initial public offering price of $ per share (the mid-point of the estimated initial public offering price range set forth on the cover page of this prospectus), after deducting the underwriting discounts and commissions and estimated organization and offering expenses of approximately $ payable by us.

We intend to use the net proceeds of this offering to invest in portfolio companies in accordance with our investment objective and the strategies described in this prospectus and for general corporate purposes. We will also pay operating expenses, including management and administrative fees, and may pay other expenses such as due diligence expenses of potential new investments, from the net proceeds of this offering. We intend to use substantially all of the net proceeds of this offering for the above purposes within six months, depending on the availability of appropriate investment opportunities consistent with our investment objective and market conditions. We cannot assure you we will achieve our targeted investment pace.

Pending such investments, we will invest the remaining net proceeds of this offering primarily in cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less from the date of investment. These temporary investments may have lower yields than our other investments and, accordingly, may result in lower distributions, if any, during such period. See “Regulation—Temporary Investments” for additional information about temporary investments we may make while waiting to make longer-term investments in pursuit of our investment objective.

DISTRIBUTIONS

Subsequent to the completion of this offering, and to the extent we have income and cash available, we intend to distribute quarterly dividends to our stockholders, beginning with the first full calendar quarter after the completion of this offering. Our quarterly dividends, if any, will be determined by our board of directors. Any dividends to our stockholders will be declared out of assets legally available for distribution.

Our fiscal quarter dividend distribution, payable in 2011, is expected to be between $ and $ per share. We anticipate that this dividend will be paid from income generated primarily by interest and dividend income earned on our investment portfolio. The specific tax characteristics of the dividend will be reported to stockholders after the end of the calendar year.

We intend to elect to be treated, and intend to qualify annually thereafter, as a RIC under the Code, beginning with our first taxable year ending December 31, 2011. To obtain and maintain RIC tax treatment, we must distribute at least 90% of our net ordinary income and net short-term capital gains in excess of our net long-term capital losses, if any. In order to avoid certain excise taxes imposed on RICs, we currently intend to distribute during each calendar year an amount at least equal to the sum of: (a) 98% of our net ordinary income for such calendar year; (b) 98.2% of our capital gain net income (i.e., the excess of the gains from sales or exchanges of capital assets over the losses from such sales or exchanges) for the one-year period ending on October 31 of that calendar year reduced by our net ordinary loss for the calendar year (but not below our net capital gain for the one-year period ending on October 31 of that calendar year) or, if we have a taxable year that ends with the month of November or December and so elect, 98.2% of our capital gain net income for the calendar year reduced by our net ordinary loss for the calendar year (but not below our net capital gain for the calendar year); and (c) any net ordinary income and net capital gains for preceding years that were not distributed during such years and on which we previously paid no U.S. federal income tax.

We also intend to distribute net capital gains (*i.e.*, net long-term capital gains in excess of net short-term capital losses), if any, at least annually out of the assets legally available for such distributions. However, we may decide in the future to retain such capital gains for investment and elect to treat such gains as deemed distributions to you. If this happens, you will be treated for U.S. federal income tax purposes as if you had received an actual distribution of the capital gains that we retain and reinvested the net after tax proceeds in us. In this situation, you would be eligible to claim a tax credit (or, in certain circumstances, a tax refund) equal to your allocable share of the tax we paid on the capital gains deemed distributed to you. See “Material U.S. Federal Income Tax Considerations.” We cannot assure you that we will achieve results that will permit us to pay any cash distributions and, if we issue senior securities, we will be prohibited from making distributions if doing so would cause us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if such distributions are limited by the terms of any of our borrowings. Additionally, we may be limited in our ability to make distributions if we do not receive distributions from our subsidiaries and portfolio companies (including our SBIC subsidiary and OFS Capital WM). OFS Capital WM, which will be our largest portfolio company upon consummation of the BDC Conversion, is managed by an unaffiliated loan manager pursuant to the WM Credit Facility documentation, which prescribes the order in which payments are to be applied and contains other contractual restrictions. We cannot assure you that OFS Capital WM will make distributions to us. Our SBIC subsidiary may also be limited in its ability to make distributions to us if it does not have sufficient capital, in accordance with SBA regulations. If we do not receive distributions from our subsidiaries, our ability to make distributions may be limited.

Unless you elect to receive your dividends in cash, we intend to make such distributions in additional shares of our common stock under our dividend reinvestment plan. Although distributions paid in the form of additional shares of our common stock will generally be subject to U.S. federal taxes in the same manner as cash distributions, investors participating in our dividend reinvestment plan will not receive any corresponding cash distributions with which to pay any such applicable taxes. If you hold shares of our common stock in the name of a broker or financial intermediary, you should contact such broker or financial intermediary regarding your

election to receive distributions in cash in lieu of shares of our common stock. Any dividends reinvested through the issuance of shares through our dividend reinvestment plan will increase our assets on which the base management fee and the incentive fee are determined and paid to OFS Advisor. See “Dividend Reinvestment Plan.”

THE BDC CONVERSION

Immediately prior to the date of this prospectus and our election to be treated as a business development company, we will complete a conversion pursuant to which, by operation of law, OFS Capital Corporation will succeed to the business of OFS Capital, LLC and its consolidated subsidiaries, and OFSAM, the sole member of OFS Capital, LLC will become the sole stockholder of OFS Capital Corporation. The entity issuing and selling shares of common stock to investors in this offering is OFS Capital Corporation. Upon completion of this offering, OFSAM will own an interest of approximately % in us.

Our election following this offering to be treated as a business development company under the 1940 Act will require us to change some of the accounting principles used to prepare our consolidated financial statements. After the business development company election, our consolidated financial statements will be prepared in accordance with Article 6 of Regulation S-X, which, among other things, will require us to report our portfolio investments at fair value with changes in value reported through our consolidated financial statements. Additionally, the business development company election will result in changes in the way we manage our business and our capital structure, including the amount of our borrowings. Accordingly, our historical consolidated balance sheet and statement of income may not be indicative of our financial condition and results of operations after we make the election. Please refer to “Unaudited Pro Forma Condensed Combined Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this prospectus for detailed analysis and discussion of how this business development company election will impact our December 31, 2009 and 2010 historical financial statements.

In addition, for tax purposes, we intend to elect to be treated as a RIC under the Code.

CAPITALIZATION

The following table sets forth:

- the actual capitalization of OFS Capital, LLC and its subsidiaries at December 31, 2010;
- the pro forma capitalization of OFS Capital Corporation and its subsidiaries at December 31, 2010, giving effect to (a) the WM Credit Facility Amendments and (b) the consummation of the BDC Conversion; and
- the pro forma capitalization of OFS Capital Corporation and its subsidiaries at December 31, 2010, as adjusted to reflect the sale of shares of our common stock in this offering at an assumed initial public offering price of $ per share (the mid-point of the estimated initial public offering price range set forth on the cover page of this prospectus) after deducting the underwriting discounts and commissions and estimated organization and offering expenses of approximately $ million payable by us.

	As of December 31, 2010		
	OFS Capital, LLC Actual	OFS Capital Corporation Pro Forma	OFS Capital Corporation As Adjusted
	(dollars in thousands)		
Assets:			
Cash and cash equivalents	$ 942	$ 942	$
Loans receivable	4,265	4,144	
Loans receivable pledged to creditors	81,263	—	
Interest receivable and other assets	170	170	
Interest receivable pledged to creditors	277	—	
Deferred offering costs	2,204	2,204	
Equity investment in OFS Capital WM	60,107	59,675	
Other equity investments	4,842	5,545	
Total assets	$154,070	72,680	
Liabilities:			
Payable under securities loan agreement	$ 81,351	$ —	$
Due to affiliated entities, net	1,523	1,523	
Accrued expenses	1,674	1,674	
Total liabilities	84,548	3,197	
Members' Equity	69,522	N/A	
Stockholders' Equity:			
Common stock, par value $0.01 per share; shares authorized; shares issued and outstanding, pro forma	$	$	$
Capital in excess of par			
Total liabilities and stockholders' equity	$154,070	$ 72,680	
Pro forma net asset value		$ 69,483	

DILUTION

The dilution to investors in this offering is represented by the difference between the offering price per share and the pro forma net asset value per share after this offering. Net asset value per share is determined by dividing our net asset value, which is our total tangible assets less total liabilities, by the number of outstanding shares of common stock.

Prior to consummation of the BDC Conversion, we had one limited liability company interest outstanding. Our net asset value as of December 31, 2010 was approximately $69.5 million. Our pro forma net asset value at December 31, 2010 was $69.5 million, or approximately $ per share of common stock, after giving effect to the BDC Conversion and the WM Credit Facility Amendments. After giving effect to the sale of shares to be sold in this offering at an assumed initial public offering price of $ per share (the mid-point of the estimated initial public offering price range set forth on the cover page of this prospectus) and the deduction of discounts and estimated expenses of this offering payable by us, our pro forma net asset value would have been approximately $, or $ per share, representing an immediate increase in net asset value of $ per share and an immediate dilution of $ per share to shares sold in this offering.

The following table illustrates the dilution to the shares on a per share basis:

Assumed initial public offering price per share	$
Pro forma net asset value per share before this offering but after BDC Conversion and the WM Credit Facility Amendments	
Increase in net asset value per share attributable to new stockholders in this offering	
Adjusted pro forma net asset value per share	$
Dilution per share to new stockholders (without exercise of the over-allotment option)	$

If the underwriters exercise in full their over-allotment option to purchase additional shares of our common stock in this offering, the adjusted pro forma net asset value per share after this offering would be $ per share, the increase in the pro forma net asset value per share to existing stockholders would be $ per share and the dilution to new stockholders purchasing shares in this offering would be $ per share.

The following table summarizes, as of December 31, 2010, the number of shares of common stock purchased from us, the total consideration paid to us and the average price per share (a) paid by OFSAM after giving effect to the BDC Conversion and (b) to be paid by new investors purchasing shares of common stock in this offering at the initial public offering price of $ per share (the mid-point of the estimated initial public offering price range set forth on the cover page of this prospectus), before deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	%	Amount	%	
Existing stockholder		%	$	%	$
New stockholders					
Total		%	$	%	$

SELECTED FINANCIAL DATA AND OTHER INFORMATION

You should read the following selected consolidated historical financial data below in conjunction with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements, related notes and other financial information included in this prospectus. The selected financial data in this section is not intended to replace the consolidated financial statements and is qualified in its entirety by the consolidated financial statements and related notes included in this prospectus.

We derived the selected consolidated financial data for the years ended December 31, 2010 and 2009 from our audited consolidated financial statements and related notes, which are included elsewhere in this prospectus. We derived the selected consolidated financial data for the year ended December 31, 2008 from our audited consolidated financial statements and related notes, which are not included in this prospectus. We derived the selected consolidated financial data for the years ended December 31, 2006 and 2007 from our unaudited consolidated financial statements and related notes, which are not included in this prospectus. In the opinion of management, the unaudited consolidated financial statements presented include all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the information set forth therein.

Our anticipated election to be treated as a business development company under the 1940 Act and to be treated as a RIC under the Code, as well as the WM Credit Facility Amendments, will require us to change some of the accounting principles used to prepare our consolidated financial statements. These matters also will result in changes in the presentation of our financial statements. Additionally, these elections will result in changes in the way we manage our business and our capital structure, including the amount of our borrowings. Accordingly, our historical consolidated balance sheet and statement of income may not be indicative of our financial condition and results of operations after we make these elections. See the section of this prospectus entitled "Unaudited Pro Forma Condensed Combined Financial Statements."

	Years Ended December 31,				
	2010	2009(8)	2008	2007 (unaudited)	2006 (unaudited)
			(dollars in thousands)		
Interest and fees on loans	$ 10,253	$16,812	$ 25,811	$ 44,606	$ 35,873
Other interest income	—	711	2,659	8,875	7,785
Interest expense	3,654	7,131	19,594	40,987	39,774
Net interest income	6,599	10,392	8,876	12,494	3,884
Provision for loan losses (recovery)	(2,390)	6,886	23,754(11)	5,570	2,645
Net interest income after loan loss provision (recovery)	8,989	3,506	(14,878)	6,924	1,239
Other income (expense)					
Management fee income - related party(1)	—	4,575	4,499	4,445	1,377
Realized gain (loss) on sale of assets	(1,641)	6,030	(2,111)	2,570	35,493(14)
Cancellation of debt income	—	—	189,525(12)	—	—
Write-down of structured securities and impairment of other equity investments	—	(819)	—	—	(2,432)
Amortization and write-off of deferred closing financing costs	(1,500)(6)	(3,058)(9)	(7,627)(13)	(688)	(742)
Income from equity interest in OFS Capital WM	2,353	—	—	—	—
Fee and other income	408	1,794	2,561	3,869	5,637
Management fee expense - related party(2)	(1,850)	—	—	—	—
Unrealized loss on payable under securities loan agreement	(1,058)				
Total other income (expense), net	(3,288)	8,522	186,847	10,196	39,333
Operating expenses	462	8,806	8,602	12,506	9,342
Income before income tax expense (benefit)	5,239	3,222	163,367	4,614	31,230
Income tax expense (benefit)	—	(36)	53	363	484
Net income	$ 5,239	$ 3,258	$163,314	$ 4,251	$ 30,746

	Years Ended December 31,				
	2010	2009(8)	2008	2007 (unaudited)	2006 (unaudited)
	(dollars in thousands)				
Selected Period-End Balances:					
Loans receivable	$ 4,621	$236,147(10)	$290,680(10)	$ 415,679	$ 410,515
Loans receivable pledged to creditors(3)	82,680	—	—	—	—
Cash and cash equivalents	942	7,373	35,611	234,005	153,312
Investments in equity and structured securities(4)	64,949	53	41,520	40,293	33,849
Total assets	154,070	228,549	352,480	698,519	610,758
Payable under securities loan agreement(3)	81,351	—	—	—	—
Borrowings	—	113,208	224,523	708,721	618,513
Members' equity (deficit)	69,522	111,350	125,037	(21,476)	(17,573)
Selected Average Balances:					
Loans receivable and loans receivable pledged to creditors(3)	161,724	263,414	353,180	413,097	401,543
Total assets	191,310	290,515	525,500	654,639	614,889
Borrowings	56,604	168,866	466,622	663,617	620,218
Members' equity (deficit)	90,436	118,194	51,781	(19,525)	(19,938)
Operating Ratios and Other Data:					
Average annualized yield on investment portfolio(5)	6.34%	6.38%	7.31%	10.80%	8.93%
Number of portfolio companies (at year end)	5(7)	60	79	108	95

(1) This represents the fees we generated from managing a CLO prior to December 31, 2009. As a result of the 2009 Reorganization, we assigned our management rights of the CLO to OFSAM. Effective January 1, 2010, we no longer generate any management fee from this CLO.

(2) This represents servicing fees incurred by OFS Funding to OFSAM for the period January 1, 2010 through September 28, 2010, which were paid off on September 28, 2010 (see our audited consolidated financial statements included in this prospectus for more details).

(3) Based on the terms of the WM Credit Facility as of December 31, 2010, we were required under generally accepted accounting principles to account for the transfer of assets at September 28, 2010 in connection with the OFS Capital WM Closing as a secured borrowing and not as a sale of those assets. As a result, as of December 31, 2010, we recorded $82,680 in loans receivable pledged to creditors net of allowance of $1,417 in respect of the loans sold to OFS Capital WM at September 28, 2010 and we recorded a payable to OFS Capital WM in the amount of $81,351. This secured borrowing accounting treatment also accounts for the reduction in loans receivable from 2009 to 2010. In February 2011, OFS Capital WM effected the WM Credit Facility Amendments, which will result in sale accounting with respect to those assets transferred at September 28, 2010 on a going-forward basis. Accordingly, our future consolidated balance sheets will not include entries with respect to "loans receivable pledged to creditors" and "payable under securities loan agreement."

(4) Includes, as of December 31, 2010, equity interests in OFS Capital WM of $60,107. Our interest in Vidalia described below was sold in June 2009 (see our December 31, 2009 consolidated financial statements included elsewhere in this prospectus for details of the sale). Our investments in structured securities were transferred to our affiliate as a result of the 2009 Reorganization. At December 31, 2009, we only had a minimal amount of equity investments recorded on our consolidated balance sheet. In January and July 2010, we received equity interests from our borrowers during loan restructurings, which were valued at $6,221 at the time of the restructuring. On September 28, 2010, in connection with the 2010 Distribution, we distributed equity interests to OFSAM in the amount of $1,533.

(5) The average annualized yield on investment portfolio is computed as the (a) total interest and fees on loans divided by (b) the average loans receivable.

(6) In 2010, as a result of the repayment in full of all amounts outstanding under the Old Credit Facility, we wrote off the $857 of remaining unamortized deferred financing closing costs under that facility.

(7) We had five portfolio companies, including OFS Capital WM, as of December 31, 2010. OFS Capital WM, our largest portfolio company, had invested in 35 companies as of December 31, 2010.

(8) Income statement data for the year ended December 31, 2009 still included operations of our affiliates. As a result of the 2009 Reorganization, we transferred our 100% membership interests in those affiliates to our parent, OFSAM.

(9) Included a write-off of unamortized deferred financing closing costs of $2,008 as a result of our voluntary reduction of the Old Credit Facility in 2009.

(10) The declines in loans receivable at December 31, 2009 and 2008 were primarily due to our limited reinvestment activity and loan payoffs and sales in 2008.

(11) Prior to 2008, our allowance for loan losses consisted of only one component, the specific reserve component. Effective for fiscal year 2008, we included a general reserve as a second component of our allowance for loan losses. This amount reflected an additional provision we recorded related to our estimated general reserve on our performing loans as of December 31, 2008 as well as additional specific reserves. Please refer to our significant accounting policies included in our December 31, 2010 consolidated financial statements for our accounting policies related to loan loss allowance.

(12) This represented income we recognized in 2008 as a result of our subordinated noteholders' forgiveness of a portion of our subordinated debt during our debt refinancing.

(13) $6,228 was related to the write-off of unamortized deferred financing closing costs upon our payoff of the old debt during our refinancing.

(14) This represented the net gains we recognized in 2006 upon our sale of certain deeply discounted distressed securities.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

We have taken, or will take in connection with the completion of this offering, a number of actions that affect the comparability of our historical financial statements with how we expect to report our financial condition and results of operations going forward. For example, our anticipated election to be treated as a business development company under the 1940 Act and to be treated as a RIC under the Code will require us to change some of the accounting principles used to prepare our consolidated financial statements and will result in changes in the presentation of our financial statements going forward. We refer to these changes collectively as the "BDC/RIC Elections Adjustments."

In addition, on September 28, 2010, in connection with the OFS Capital WM Transaction, we sold a substantial portion of our loan portfolio to OFS Capital WM in exchange for all the equity interests in OFS Capital WM and the OFS Capital Cash Consideration. In connection with the closing of that transaction, we used the OFS Capital Cash Consideration, the OFSAM Cash Contribution and cash on hand to repay in full the Old Credit Facility. Also, as described elsewhere in this prospectus, concurrently with the OFS Capital WM Transaction, we distributed to OFSAM a substantial portion of our remaining loan portfolio and certain of our equity investments. We refer to the adjustments related to the OFS Capital WM Transaction, the OFS Capital Cash Contribution, the 2010 Distribution and the payoff of the Old Credit Facility, collectively, as the "OFS Capital WM Adjustments." In addition, based on the terms of the WM Credit Facility, as of December 31, 2010, we were required under generally accepted accounting principles to account for the transfer of assets at September 28, 2010 in connection with the OFS Capital WM Closing as a secured borrowing and not as a sale of those assets. In February 2011, OFS Capital WM effected the WM Credit Facility Amendments, which will result in sale accounting with respect to those assets transferred at September 28, 2010 on a going-forward basis. We refer to the adjustments related to sale accounting treatment as the "Sale Accounting Adjustments."

Specifically, the unaudited pro forma condensed combined balance sheet at December 31, 2010 gives effect to the following:

- the BDC Conversion, pursuant to which we will convert into a corporation and elect to be treated as a business development company, and changes in our accounting principles as a result of that election, which require all of our investments to be carried at market value, or for investments with no ascertainable market value, fair value as determined in good faith by our board of directors;
- our qualification and election to be treated as a RIC, including the income tax consequences of that election, following the completion of this offering; and
- sale accounting treatment with respect to the assets transferred to OFS Capital WM in connection with the closing of the OFS Capital WM Transaction as a result of the WM Credit Facility Amendments.

In addition, the unaudited pro forma condensed combined statement of income for the year ended December 31, 2010, gives effect to all of the foregoing as well as the following:

- the OFS Capital WM Transaction, as a result of which we sold a substantial portion of our loan portfolio to OFS Capital WM in exchange for all the equity interests in OFS Capital WM and the OFS Capital WM Cash Consideration;
- the 2010 Distribution, as a result of which we distributed to OFSAM, concurrently with the OFS Capital WM Transaction, (a) a substantial portion of our remaining loan portfolio transferred to us by OFS Funding and (b) certain of our equity investments transferred to us by OFS Funding; and
- the payoff of the remaining portion of the Old Credit Facility by OFS Funding using the OFS Capital WM Cash Consideration, the OFSAM Cash Contribution contributed to it and cash on hand.

In this prospectus, we refer to the OFS Capital WM Transaction, the 2010 Distribution, the WM Credit Facility Amendments and the other transactions described above, together with the BDC Conversion, as the "Pro Forma Transactions."

The unaudited pro forma adjustments are based on available information and certain assumptions that we believe are reasonable. Presentation of the unaudited pro forma financial information is prepared in conformity with Article 11 of Regulation S-X under the Exchange Act. The historical balance sheet of OFS Capital as of December 31, 2010 has been adjusted to give effect to the BDC/RIC Elections Adjustments and the Sale Accounting Adjustments as if the related events took place on December 31, 2010. The historical statement of operations for the year ended December 31, 2010 has been adjusted to give effect to the BDC/RIC Elections Adjustments, the OFS Capital WM Adjustments and the Sale Accounting Adjustments as if the related events took place on January 1, 2010.

The unaudited pro forma condensed combined financial information is for informational purposes only and is not intended to represent or be indicative of the consolidated results of operations or financial position that we would have reported had the pro forma adjustments been completed on the dates indicated and should not be taken as representative of our future consolidated results of operations or financial position. The unaudited pro forma condensed combined financial information should be read in conjunction with the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our historical consolidated financial statements and related notes thereto included elsewhere in this prospectus.

Unaudited Pro Forma Condensed Combined Balance Sheet
As of December 31, 2010
(in thousands)

	Audited Historical	Sale Accounting Adjustments	BDC/RIC Elections Adjustments	Pro Forma after Sale Accounting and BDC/RIC Elections Adjustments
Assets				
Cash and cash equivalents	$ 942	$ —	$ —	$ 942
Loans receivable	4,621		(477)(2)	4,144
Allowance for loan losses	(356)		356(3)	—
Net loans receivable	4,265		(121)	4,144
Loans receivable pledged to creditors	82,680	(82,680)(1)		—
Allowance for loan losses	(1,417)	1,417(1)		—
	81,263	(81,263)		—
Interest receivable and other assets	170			170
Interest receivable pledged to creditors	277	(277)(1)		—
Deferred offering costs	2,204			2,204
Equity investment in OFS Capital WM	60,107		(432)(2)	59,675
Other equity investments	4,842		703(2)	5,545
Total assets	$154,070	$ (81,540)	$ 150	$ 72,680
Liabilities				
Due to affiliated entities, net	$ 1,523	$ —	$ —	$ 1,523
Accrued expenses	1,674			1,674
Payable under securities loan agreement	81,351	(81,351)(1)		—
Total liabilities	84,548	(81,351)	—	3,197
Members' capital/stockholders' equity				
Members' capital	69,522	(189)(1)	356(3)	69,689
Unrealized gain (loss) on investments			(206)(2)	(206)
Common stock				
Paid-in capital				
Members' capital/stockholders' equity	69,522	(189)	150	69,483
Total liabilities and members' capital/stockholders' equity	$154,070	$ (81,540)	$ 150	$ 72,680

See notes to unaudited pro forma condensed combined financial information

Unaudited Pro Forma Condensed Combined Statement of Income
For the Year Ended December 31, 2010
(in thousands)

	Audited Historical	Sale Accounting and OFS Capital WM Adjustments	BDC/RIC Elections Adjustments	Pro Forma
Income				
Interest and fees on loans	$10,253	$ (10,212)(4)	$	$ 41
Dividend income from OFS Capital WM		2,250 (5)		2,250
Fee and other income	237	(237)(4)		—
Total income	10,490	(8,199)	—	2,291
Expenses				
Interest on borrowed funds	3,654	(3,654)(6)		—
Amortization and write off of deferred financing closing costs	1,500	(1,500)(6)		—
Loan loss recovery	(2,390)	235 (7)	2,155 (3)	—
Management fee expense-related party	1,850	(1,850)(8)	1,435 (11)	1,435
Directors' fees	—		290 (12)	290
Insurance expense	—		500 (12)	500
Professional fees	194		900 (12)	1,094
Other administrative expenses	268		575 (12)	843
Total expenses	5,076	(6,769)	5,855	4,162
Income (loss) before net realized and unrealized gain (loss) on investments	5,414	(1,430)	(5,855)	(1,871)
Realized and unrealized gain (loss) on investments				
Realized loss on sale of loans, net	(1,641)	1,641 (9)		—
Realized gain on restructuring of loan	152			152
Unrealized gain from equity investment in OFS Capital WM	2,353		(432)(2)	1,921
Unrealized loss on payable under securities loan agreement	(1,058)	1,058 (10)		—
Change in net unrealized gain (loss) on loans	—		(121)(2)	(121)
Change in net unrealized gain (loss) on equity investments	19		684 (2)	703
Net realized and unrealized gain (loss) on investments	(175)	2,699	131	2,655
Net income	$ 5,239	$ 1,269	$ (5,724)	$ 784

See notes to unaudited pro forma condensed combined financial information

Notes to Unaudited Pro Forma Condensed Combined Balance Sheets and Statements of Operation

Pro Forma Assumptions:

(1) Based on the terms of the WM Credit Facility as of December 31, 2010, we were required under generally accepted accounting principles to account for the transfer of assets at September 28, 2010 in connection with the OFS Capital WM Closing as a secured borrowing and not as a sale of those assets. As a result, as of December 31, 2010, we recorded $82,680 in loans receivable pledged to creditors in respect of the loans sold to OFS Capital WM at September 28, 2010 and we recorded a payable to OFS Capital WM in the amount of $81,351. In February 2011, OFS Capital WM effected the WM Credit Facility Amendments, which will result in sale accounting with respect to those assets transferred at September 28, 2010 on a going-forward basis. Accordingly, this adjustment (a) removes assets that were transferred at September 28, 2010 to OFS Capital WM but still recorded on OFS Capital's balance sheet under loans receivable pledged to creditors, (b) removes the payable to OFS Capital WM and (c) recognizes a net loss under the sale accounting as a result of the OFS Capital WM Transaction.

(2) Represents adjustment of loans and equity investments to fair value as required for a business development company as a result of the BDC/RIC Elections Adjustments.

(3) Represents elimination of allowance for loan losses and provision for loan losses as a result of the BDC/RIC Elections Adjustments.

(4) Represents elimination of interest and fee income on loans transferred to OFS Capital WM and OFSAM as part of the OFS Capital WM Transaction and the 2010 Distribution (which interest and fee income themselves were adjusted on the pro forma assumption that the OFS Capital WM Transaction was a sale for accounting purpose from January 1, 2010). Also represents the elimination of interest and fee income on all other loans sold by us during 2010 on the assumption that these loans would have been either transferred to OFS Capital WM or distributed in the 2010 Distribution (and giving effect to such assumed transfer or distribution as of January 1, 2010).

(5) Assumes that OFS Capital WM makes a cash distribution to OFS Capital in an amount equal to all of its cash interest income for the period January 1, 2010 through September 28 , 2010 in respect of the loans sold to OFS Capital WM in excess of the estimated cash expenses of OFS Capital WM for that period. Specifically, dividend income reflects total interest and fee income earned on such loans in the amount of $4,766, net of estimated interest expense incurred on both lenders' loans of $2,197, and the estimated management fee incurred to the loan manager in the amount of $319.

(6) Represents elimination of interest expense incurred on the Old Credit Facility. Also represents elimination of amortization and write-off of deferred financing closing costs related to the Old Credit Facility.

(7) Represents elimination of the loan loss recovery on loans transferred to OFS Capital WM and OFSAM as part of the OFS Capital WM Transaction and the 2010 Distribution. Also, represents the elimination of the loan loss recovery on all other loans sold by us during 2010 on the assumption that these loans would have been either transferred to OFS Capital WM or distributed in the 2010 Distribution (and giving effect to such assumed transfer or distribution as of January 1, 2010). The pro forma loan loss recovery amount of $2,155 before the BDC/RIC Election Adjustments represents the loan loss recovery on the impaired loans that were retained by OFS Capital after the OFS Capital WM Transaction and the 2010 Distribution for the year ended December 31, 2010.

(8) Represents elimination of servicing fees incurred by OFS Funding to OFSAM under the Old Credit Facility for the period January 1, 2010 through September 28, 2010 assuming the Old Credit Facility was paid off on January 1, 2010.

(9) Represents elimination of realized loss on loans sold during the period January 1, 2010 through September 28, 2010 assuming those loans would have been either transferred to OFS Capital WM or distributed in the 2010 Distribution (and giving effect to such assumed transfer or distribution as of January 1, 2010). The pro forma condensed combined statement of income does not reflect any gain or loss resulting from the OFS Capital WM Transaction as might have resulted under sale accounting as of January 1, 2010 due to the fact that OFS Capital's portfolio composition at January 1, 2010 was substantially different from that on September 28, 2010, the date of the OFS Capital WM Transaction. Because of the substantial changes in the loan portfolio between January 1, 2010 and September 28, 2010, the assumptions that would be required to show any gain or loss from the sale on January 1, 2010, including regarding which loans as of January 1, 2010 might have been included in the OFS Capital WM Transaction, which would be dependent upon the views of the two lenders, would render any such pro forma gain or loss hypothetical and, in our view, not meaningful to investors.

(10) Represents elimination of unrealized loss on payable under securities loan agreement in the amount of $1,058 under the sale accounting treatment for the period September 28, 2010 through December 31, 2010.

(11) Represents pro forma adjustments related to our estimated base management fee and other operating expenses assuming our election to be treated as a business development company under the 1940 Act took place on January 1, 2010 and our election to be treated as a RIC under the Code was effective for our taxable year ending December 31, 2010. Base management fee for the year ended December 31, 2010 was calculated as % of our average total assets balance (excluding cash and cash equivalents) at September 30, 2010 and December 31, 2010, respectively. We assumed no incentive fee will be charged for the year ended December 31, 2010 as our estimated pre-incentive fee net investment income would be lower than our hurdle rate of % per annum for 2010. In addition, there would not be any capital gain incentive fee for the year ended December 31, 2010 as our realized capital gain was immaterial for the year ended December 31, 2010.

(12) Represents our estimated operating expenses as a business development company.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with "Selected Financial and Other Information," our consolidated financial statements and related notes appearing elsewhere in this prospectus and the section of this prospectus entitled "Unaudited Pro Forma Condensed Combined Financial Statements." The information in this section contains forward-looking statements that involve risks and uncertainties. Prior to the completion of this offering, OFS Capital, LLC will convert into OFS Capital Corporation and will file an election to be treated as a business development company under the 1940 Act. Please see "Risk Factors" and "Special Note Regarding Forward-Looking Statements" for a discussion of the uncertainties, risks and assumptions associated with these statements.

Overview

We are an externally managed, closed-end, non-diversified management investment company formed in March 2001. Prior to the completion of this offering, we will convert into OFS Capital Corporation and file an election to be regulated as a business development company under the 1940 Act. In addition, for tax purposes we intend to elect to be treated as a RIC under the Code.

Our investment objective is to provide our stockholders with both current income and capital appreciation through primarily debt investments and, to a lesser extent, equity investments. Immediately prior to the closing of the OFS Capital WM Transaction and the 2010 Distribution, as of September 28, 2010, our investment portfolio consisted of outstanding loans of approximately $171.4 million in aggregate principal amount, of which 84.0% were senior secured loans. Following this offering, we intend to continue to pursue an investment strategy focused primarily on investments in middle-market companies in the United States. Although we will continue to focus on investments in senior secured loans, we also intend to expand into additional asset classes in which OFS Advisor's investment professionals have expertise, including investments in unitranche, second-lien and mezzanine loans and, to a lesser extent, warrants and other minority equity securities. Initially, we expect that our senior secured loan investments will principally be made through on-balance sheet or off-balance sheet special purpose vehicles, while our unitranche, second lien and mezzanine-loans will be made by us directly or through our proposed SBIC subsidiary. We expect our investments in the equity securities of these companies, such as warrants, preferred stock, common stock and other equity interests, will principally be made in conjunction with our debt investments, although we currently anticipate that no more than 5% of our portfolio will consist of equity investments in middle-market companies that do not pay a regular dividend. Generally, we do not expect to make investments in companies or securities that OFS Advisor determines to be distressed investments (such as discounted debt instruments that have either experienced a default or have a significant potential for default), other than follow-on investments in portfolio companies of ours.

A substantial portion of our business will focus on the direct origination and sourcing of investments through portfolio companies or their financial sponsors or other owners or intermediaries. We expect our middle-market investments to range generally from $5.0 million to $25.0 million each, although we expect that this investment size will vary proportionately with the size of our capital base.

Our investment activities will be managed by OFS Advisor and supervised by our board of directors, a majority of whom are independent of us, OFS Advisor and its affiliates. Under our Investment Advisory Agreement, we have agreed to pay OFS Advisor an annual base management fee based on our average adjusted total assets (other than cash and cash equivalents but including assets purchased with borrowed amounts and including any assets owned by our SBIC subsidiary) as well as an incentive fee based on our investment performance. We have also entered into an Administration Agreement with OFS Services. Under our Administration Agreement, we have agreed to reimburse OFS Services for our allocable portion (subject to the review and approval of our independent directors) of overhead and other expenses incurred by OFS Services in performing its obligations under the Administration Agreement.

As of December 31, 2010, our net asset value was $69.5 million, or $ per share. As of September 28, 2010, immediately prior to the closing of the OFS Capital WM Transaction and the 2010 Distribution, our portfolio included debt in 46 portfolio companies.

Key Financial Measures

The following is a discussion of the key financial measures that management will employ in reviewing the performance of our operations. As discussed in more detail below under "—Recent Developments and Other Factors Affecting Comparability—BDC/RIC Elections Adjustments," our anticipated election to be treated as a business development company under the 1940 Act and to be treated as a RIC under the Code will require us to change some of the accounting principles used to prepare our consolidated financial statements and the presentation of our financial statements. The following discussion of key financial measures is with respect to how management will assess our performance after the effectiveness of these elections.

Revenues. We plan to generate revenue in the form of interest income on debt investments and capital gains and distributions, if any, on investment securities in portfolio companies. We anticipate that our debt investments will typically have a term of three to eight years and bear interest at fixed and floating rates. As of September 28, 2010, immediately prior to the closing of the OFS Capital WM Transaction and the 2010 Distribution, floating rate loans comprised over 98.5% of our current portfolio; however, in accordance with our investment strategy, we expect that over time the proportion of fixed rate loans will increase. We anticipate that, in some instances, we will receive payments on our debt investments based on scheduled amortization of the outstanding balances. In addition, we anticipate receiving repayments of some of our debt investments prior to their scheduled maturity date. The frequency or volume of these repayments may fluctuate significantly from period to period. On occasion, our portfolio activity may also reflect the proceeds of sales of securities. In some cases, our investments will provide for deferred interest payments or PIK interest (meaning interest paid in the form of additional principal amount of the loan instead of in cash). In addition, we may generate revenue in the form of commitment, origination and sourcing, structuring or due diligence fees, fees for providing managerial assistance and consulting fees. Loan origination and sourcing fees, OID and market discount or premium will be capitalized, and we will accrete or amortize such amounts as interest income. We will record prepayment premiums on loans as interest income. When we receive principal payments on a loan in an amount that exceeds its carrying value, we will also record the excess principal payment as income. Dividend income, if any, will be recognized on an accrual basis to the extent that we expect to collect such amounts.

Expenses. Our primary operating expenses will include the payment of fees to OFS Advisor under the Investment Advisory Agreement, our allocable portion of overhead expenses under the Administration Agreement and other operating costs described below. Additionally, we will pay interest expense on any outstanding debt under any new credit facility or other debt instrument we may enter into. We will bear all other out-of-pocket costs and expenses of our operations and transactions, whether incurred by us directly or on our behalf by a third party, including:

- the cost of calculating our net asset value, including the cost of any third-party valuation services;
- the cost of effecting sales and repurchases of shares of our common stock and other securities;
- fees payable to third parties relating to making investments, including out-of-pocket fees and expenses associated with performing due diligence and reviews of prospective investments;
- transfer agent and custodial fees;
- out-of-pocket fees and expenses associated with marketing efforts;

- federal and state registration fees and any stock exchange listing fees;
- U.S. federal, state and local taxes;
- independent directors' fees and expenses;
- brokerage commissions;
- fidelity bond, directors' and officers' liability insurance and other insurance premiums;
- direct costs, such as printing, mailing, long-distance telephone and staff;
- fees and expenses associated with independent audits and outside legal costs;
- costs associated with our reporting and compliance obligations under the 1940 Act and other applicable U.S. federal and state securities laws; and
- other expenses incurred by either OFS Services or us in connection with administering our business, including payments under the Administration Agreement that will be based upon our allocable portion (subject to the review and approval of our board of directors) of overhead.

Outlook on Market Conditions

There have been significant developments in the worldwide capital markets recently. The economy continues to be characterized by disruption as evidenced by a lack of liquidity in the debt capital markets, significant write-offs in the financial services sector, the re-pricing of credit risk in the broadly syndicated credit market, as well as the entire corporate credit market, and the failure of certain major financial institutions. Despite actions of the U.S. federal government and foreign governments, these events have contributed to worsening general economic conditions that are materially and adversely impacting the broader financial and credit markets and reducing the availability of debt and equity capital for the market as a whole.

These conditions may continue for a prolonged period of time or worsen in the future and present both opportunities and risks to us. The current credit market deterioration has caused many of the alternative methods of obtaining middle-market debt financing to significantly decrease in scope and availability, creating an attractive investment environment for us. On the other hand, a prolonged period of market illiquidity may have an adverse effect on our business, financial condition, and results of operations. Unfavorable economic conditions could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us, thereby limiting our investment originations and sourcings, limiting our ability to grow and negatively impacting our operating results.

Recent Developments and Other Factors Affecting Comparability

BDC/RIC Elections Adjustments. Prior to this offering, we were not required to apply fair value accounting in accordance with the principles of FAS 157 (ASC Topic 820). Accordingly, loans or other equity investments were carried at cost on our balance sheet. In conjunction with our election to be treated as a business development company, under FAS 157 (ASC Topic 820) we will report our investments at fair value with changes in value reported through our income statement under the caption "unrealized appreciation (depreciation) on investments." See "Determination of Net Asset Value." Currently, we maintain an allowance for loan losses for inherent losses in our loan portfolio. Upon conversion, we will eliminate the allowance for loan losses and, consistent with our prospective accounting policies, will record unrealized appreciation and depreciation that will increase or decrease the carrying value of individual assets. Based upon the carrying value of our loans and equity investments at December 31, 2010, after giving effect to the Sale Accounting Adjustments, the unrealized depreciation that we expect to record upon conversion would be $0.2 million (without taking into account the $0.4 million allowance as of December 31, 2010). Our unaudited pro forma financial statements included in this prospectus give effect to a fair value adjustment to the carrying value of our loan and other equity investments as of December 31, 2010. See the section of this prospectus entitled "Unaudited Pro Forma Condensed Combined Financial Statements."

As of December 31, 2010, our net asset value was $69.5 million. The valuation analysis prepared by management on the loan and equity investments that we owned directly as of December 31, 2010 was submitted to our board of directors, which is ultimately responsible for the determination, in good faith, of the fair value of each investment. Valuation assistance from an independent valuation specialist, Duff & Phelps, LLC, for our direct loan and equity investments as of December 31, 2010 consisted of certain limited procedures we identified and requested them to perform. Based upon the performance of these procedures on each of our final loan and equity investment valuations, Duff & Phelps, LLC concluded that the fair value of those assets as of December 31, 2010 appeared reasonable. The valuation firm provided valuation assistance for 100% of our remaining portfolio investments (including our equity interests in OFS Capital WM) following the OFS Capital WM Transaction and the 2010 Distribution and for which sufficient market quotations were not readily available as of December 31, 2010. Our board of directors intends to retain one or more independent valuation firms to review the valuation of each portfolio investment of ours, as well as each portfolio investment of OFS Capital WM, that does not have a readily available market quotation at least once during each 12-month period. However, our board of directors is ultimately and solely responsible for determining the fair value of our assets using a documented valuation policy and consistently applied valuation process. For more information, see the sections of this prospectus entitled “Unaudited Pro Forma Condensed Combined Financial Statements” and “Determination of Net Asset Value.”

BDC Conversion. Immediately prior to the completion of this offering, OFS Capital, LLC intends to convert into a Delaware corporation, OFS Capital Corporation, and the outstanding limited liability company interest in OFS Capital, LLC is expected to be converted into shares of common stock in OFS Capital Corporation. See “The BDC Conversion.” As part of the BDC Conversion, OFSAM will be issued an aggregate of shares of common stock in OFS Capital Corporation in exchange for its limited liability company interest in OFS Capital, LLC at an average estimated equivalent price of $ per share. Upon completion of this offering, OFSAM will own, collectively, an interest of approximately % in us, assuming no exercise of the underwriters’ over-allotment option.

OFS Capital WM Transaction and OFSAM Cash Contribution. We have established OFS Capital WM, an entity that acquires, manages and finances senior secured loan investments to middle-market companies in the United States. To finance its business, at the OFS Capital WM Closing, OFS Capital WM entered into the WM Credit Facility with Wells Fargo and Madison Capital, which is secured by the eligible loan assets or participations therein acquired by OFS Capital WM from us at the OFS Capital WM Closing and eligible loan assets thereafter acquired by OFS Capital WM during its reinvestment period. Subject to limited exceptions, our sale of eligible loan assets or participations therein to OFS Capital WM is without recourse to us, and we will have no liability for the debts or other obligations of OFS Capital WM. In connection with the closing of the WM Credit Facility, the lenders received customary opinions of counsel generally to the effect that the sale of assets by us to OFS Capital WM on September 28, 2010 would be considered a true sale of those assets, and not a secured loan, and that in the event of our bankruptcy it would not be proper to ignore the separate existence of OFS Capital WM and substantively consolidate the assets and liabilities of OFS Capital WM with our own.

At the OFS Capital WM Closing, we sold approximately $96.9 million of loans or participations therein, transferred to us by OFS Funding, to OFS Capital WM in exchange for all the equity interests in OFS Capital WM and the OFS Capital WM Cash Consideration. We transferred the OFS Capital WM Cash Consideration to OFS Funding, and OFS Funding used the OFS Capital WM Cash Consideration to repay a substantial portion of the outstanding loan balance under the Old Credit Facility. We also transferred the OFSAM Cash Contribution, made by our parent to us simultaneously with the OFS Capital WM Closing, to OFS Funding, and OFS Funding used the OFSAM Cash Contribution, together with cash on hand, to pay off the remaining balance under the Old Credit Facility in full.

Under generally accepted accounting principles, we will not consolidate OFS Capital WM in our financial statements. Instead, our equity investment in OFS Capital WM will be reflected on our balance sheet. We expect that OFS Capital WM will be able to increase the rate of return on the senior secured assets sold to OFS Capital WM as a result of the more favorable financing terms under the WM Credit Facility, as compared to the Old

Credit Facility. We will continue to benefit from the loan assets sold to OFS Capital WM by virtue of our ownership of 100% of the equity interests in OFS Capital WM, as well as from increased management capacity at OFS Advisor resulting from the appointment of an unaffiliated loan manager for OFS Capital WM. In addition, the management fee payable to OFS Advisor will be reduced because we will pay that fee on the value of our equity investment in OFS Capital WM (which value takes into account the indebtedness of OFS Capital WM), as opposed to the value of the individual assets sold to OFS Capital WM (which would not reflect any indebtedness). We expect that, over the life of the WM Credit Facility, based on the cost of capital and the yield on the underlying assets, we will have positive cash flow on a quarterly basis from our investment in OFS Capital WM. In addition, we believe that our newly established relationship with Madison Capital will significantly expand the investment opportunities available to us.

As a result of certain provisions of the loan documentation for the OFS Capital WM Transaction, we were required to account for that transaction in our financial statements as a secured borrowing as of December 31, 2010, which resulted in our retaining the loans we transferred to OFS Capital WM on our balance sheet as of December 31, 2010 and recording a corresponding payable due to OFS Capital WM. On February 23, 2011, we amended the loan documentation to remove those provisions, pursuant to which amendments we intend to account for the OFS Capital WM Transaction as a sale of assets by us to OFS Capital WM. Upon effectiveness of the subsequent amendments to the loan documentation, under the Sale Accounting Adjustments, the loans retained on our December 31, 2010 balance sheet will be removed, the payable due to OFS Capital WM will be eliminated, and we will book a gain or loss from the sale of assets. For more information on these transactions, see our “Consolidated Financial Statements—Note 3” and “Unaudited Pro Forma Condensed Combined Financial Statements.”

2010 Distribution. Concurrently with the OFS Capital WM Transaction, OFS Funding distributed to us and we in turn distributed to OFSAM certain investments in each of the following portfolio companies: Airxcel, Inc., Arclin US Holdings Inc., Barton-Cotton, Incorporated, BBB Industries LLC, BlueWater Thermal Processing, LLC, Einstruction Corporation, FCL Graphics, Inc., Hopkins Manufacturing Inc., Jason Incorporated, Jonathan Holding Company, Jones Stephens Corp., LMH I, Inc. (Latham), LVI Services, Inc., National Bedding Company, LLC, Pamarco Technologies, Inc., Plainfield Tool and Engineering, Inc. (f/k/a Polymer Technologies, Inc. and Plainfield Tool and Engineering, Inc.), Revere Industries, LLC, SMG and Tecta America Corporation. Our investments in these portfolio companies aggregated approximately $67.2 million. In addition, OFS Funding distributed to us and we in turn distributed to OFSAM approximately $1.5 million of equity investments. We refer to these actions collectively as the “2010 Distribution.” We determined to make these distributions to eliminate certain potential conflicts of interest that might arise due to the fact that we and an affiliated fund both had investments in these portfolio companies.

2009 Reorganization. Formerly, we were named Old Orchard First Source Asset Management, LLC (“Old OFSAM”), but, in March 2010, we were renamed “OFS Capital, LLC.” On December 31, 2009, Old OFSAM undertook certain steps as part of a reorganization designed to facilitate this offering. Specifically:

- our then equity owners created a new holding company, Orchard First Source Asset Management, LLC, or OFSAM, by contributing their equity interests in Old OFSAM to OFSAM such that Old OFSAM became a wholly-owned subsidiary of that entity;
- Old OFSAM distributed to OFSAM assets that we determined to be inconsistent with our primary investment objectives described in this prospectus or with the operations of an externally managed finance company, including, among other things, by:
    - distributing to OFSAM an approximate 6% equity interest in a CLO vehicle and assigning to OFSAM the management rights and certain fee receivables related to that vehicle;
    - distributing to OFSAM all equity interests in OFSC, an Illinois corporation that employs all of the investment and other professionals who will carry out the investment and administrative activities on our behalf; and

- distributing to OFSAM all equity interests in certain other subsidiaries engaged in management and agency activities.

We refer to these actions collectively as the "2009 Reorganization." The above-described steps resulted in OFS Funding becoming our only subsidiary with loan and other investment assets. No assets within OFS Funding were transferred or paid out as a dividend as part of the 2009 Reorganization. For more details on the specific steps taken in connection with the 2009 Reorganization, see our consolidated financial statements and the related notes thereto appearing elsewhere in this prospectus. Because the 2009 Reorganization occurred on December 31, 2009, it impacts the comparability of our balance sheet information as of December 31, 2010 and December 31, 2009 with the period-end balance sheet information as of prior periods, and will impact the comparability of future period income statement information with the income statement information for periods ending on or before December 31, 2009.

Investment in Vidalia. Until June 2009, we owned a 100% interest in a trust that owned a 9.93% interest in a hydroelectric power generating facility in Concordia Parish, Louisiana ("Vidalia"). The investment in Vidalia was carried at cost. Distributions from the investment in Vidalia were recorded as income to the extent the facility had generated income. Distributions in excess of income were recorded as a reduction in the cost basis as they reflected a return of capital. In June 2009, we sold our entire interest in Vidalia for $33.6 million in net proceeds and recognized a gain of $4.9 million from the sale. For the year ended December 31, 2009, we recorded investment income from Vidalia in the amount of $0.5 million.

Composition of Existing Portfolio and Recent Portfolio Activities. Historically, substantially all of our investment portfolio consisted of senior secured loans to middle-market companies in the United States. As noted elsewhere in this prospectus, following this offering, we intend to expand into additional asset classes, including investments in unitranche, second-lien and mezzanine loans and, to a lesser extent, warrants and other minority equity securities. Accordingly, over time, we expect that senior secured loans will represent a smaller percentage of our investment portfolio as we grow our business. In addition, since late 2008, we have focused primarily on management and collection efforts with respect to our existing portfolio and generally have not originated any new loans. We anticipate that our activities in the near term will return to a more balanced mix of investment origination and sourcing, management and collection, with the majority of new loans being added to our portfolio by our originations.

Critical Accounting Policies

The preparation of financial statements and related disclosures in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following items as critical accounting policies after giving effect to the changes in accounting principles we will undertake as part of our election to be treated as a business development company.

Valuation of Portfolio Investments. Our policies relating to the valuation of our portfolio investments are as follows:

Investments for which sufficient market quotations are readily available will be valued at such market quotations. We may also obtain indicative prices with respect to certain of our investments from pricing services or brokers or dealers in order to value such investments. We expect that there will not be a readily available market value for many of our investments; those debt and equity securities that are not publicly traded or whose market prices are not readily available are valued at fair value as determined in good faith by the board of directors. We expect to value such investments at fair value as determined in good faith by our board of directors using a documented valuation policy and a consistently applied valuation process. We expect that our valuation of each of our assets, as well as each investment asset of OFS Capital WM, for which sufficient market quotations are not readily available will be reviewed by one or more independent third-party valuation firms at least once every 12 months.

Our board of directors is ultimately and solely responsible for determining the fair value of the portfolio investments that are not publicly traded, whose market prices are not readily available on a quarterly basis or any other situation where portfolio investments require a fair value determination.

With respect to investments for which sufficient market quotations are not readily available or for which no or an insufficient number of indicative prices from pricing services or brokers or dealers have been received, our board of directors will undertake, on a quarterly basis, unless otherwise noted, a multi-step valuation process, as described below:

- For each such investment, a basic credit rating process will be completed. Every credit rating will be reviewed and either reaffirmed or revised by the investment committee. This process, along with comparisons to similar assets in the market based on, among other things, third-party credit ratings, will establish base information for the quarterly valuation process.
- As it relates to our equity investment in OFS Capital WM, we anticipate that a review of the credit rating, cash flow and maturity profile of the underlying assets owned by OFS Capital WM will be completed. In addition, we anticipate that the review will also consider the liability structure of OFS Capital WM, including the amount of leverage, financing costs and other expenses.
- Each portfolio company or investment will additionally be valued by the investment professionals responsible for the credit monitoring.
- Preliminary valuation conclusions will then be documented and discussed with individual members of the investment committee.
- The preliminary valuations will then be submitted to the investment committee for ratification.
- Third-party valuation firm(s) will be engaged to provide valuation services as requested, by reviewing the investment committee's preliminary valuations. The investment committee's preliminary fair value conclusions on each of our assets, as well as each investment asset of OFS Capital WM, for which sufficient market quotations are not readily available will be reviewed and assessed by a third-party valuation firm at least once in every 12-month period, and more often as determined by our board of directors. Such valuation assessment may be in the form of positive assurance, range of values or other valuation method based on the discretion of our board of directors.
- Our board of directors will discuss valuations and determine the fair value of each investment in the portfolio in good faith based on the input of OFS Advisor and, where appropriate, the respective independent valuation firms.

The types of factors that we may take into account in fair value pricing our investments include, as relevant, the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business, comparison to publicly traded securities and other relevant factors.

Determination of fair value involves subjective judgments and estimates. Accordingly, the notes to our financial statements will express the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on our financial statements.

Revenue Recognition. Our revenue recognition policies will be as follows:

Investments and Related Investment Income: We will account for investment transactions on a settlement-date basis. Our management will value the portfolio of investments at fair value. Interest is currently (and will continue to be) recognized on an accrual basis. For investments with contractual PIK interest, which represents contractual interest accrued and added to the principal balance that generally becomes due at maturity, we will not accrue PIK interest if the portfolio company valuation indicates that the PIK interest is not collectible. Realized gains or losses on investments will be measured by the difference between the net proceeds from the

disposition and the cost basis of investment, without regard to unrealized gains or losses previously recognized. We will report changes in the fair value of investments that are measured at fair value as a component of the net change in unrealized appreciation (depreciation) on investments in our statement of income.

Non-accrual. We currently (and will continue to) place loans on non-accrual status when principal and interest payments are past due 90 days or more or when there is reasonable doubt that we will collect principal or interest. Accrued interest is currently (and will continue to be) generally reversed when a loan is placed on non-accrual. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment. Non-accrual loans are currently (and will continue to be) restored to accrual status when past due principal and interest is paid and, in our management's judgment, is likely to remain current.

Portfolio Composition, Investment Activity and Yield

The total fair value of our investments was approximately $69.4 million at December 31, 2010 and $200.1 million at December 31, 2009. The total value of our investments at cost was $307.8 million at December 31, 2008. The amount at December 31, 2010 gives pro forma effect to the BDC/RIC Elections and Sale Accounting Adjustments, as described above under "—Recent Developments and Other Factors Affecting Comparability." The amount at December 31, 2009 excludes $22.7 million in carrying value of our loans and other investments distributed to OFSAM as of December 31, 2009 as part of the 2009 Reorganization. For the year ended December 31, 2010, in addition to our equity investment in OFS Capital WM, which was valued at $59.7 million at December 31, 2010, after giving effect to the subsequent WM Credit Facility Amendments, we originated $550,000 of new debt investments. For the years ended December 31, 2009 and 2008, we did not originate any new debt investments, and the decrease from December 31, 2008 to December 31, 2009 primarily reflects debt repayments as well as the distribution of certain assets as part of the 2009 Reorganization.

For the years ended December 31, 2010 and 2009, we had approximately $23.2 million and $26.5 million, respectively, in net debt repayments (net of revolver advances) in existing portfolio companies and sold $31.0 million and $8.5 million of our loans, respectively. We distributed approximately $22.7 million in carrying value of our loans and other investments pursuant to the 2009 Reorganization. For the year ended December 31, 2008, we had approximately $47.3 million, in net debt repayments in existing portfolio companies. We sold $33.6 million of our investment in Vidalia in June 2009 and $82.1 million of our loans during 2008.

The following table shows the cost and fair value of our portfolio of investments by asset class as of December 31, 2009 and 2010 as well as pro forma after giving effect to the Sale Accounting Adjustments.

	As of December 31, 2010 Historical		As of December 31, 2010 Pro Forma		As of December 31, 2009 Historical	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
	(in thousands)					
Senior Secured						
Performing	$ 82,680	$ 80,711	$ —	$ —	$188,367	$166,998
Non-Accrual	—	—	—	—	23,191	13,706
Unitranche						
Performing	—	—	—	—	—	—
Non-Accrual	—	—	—	—	—	—
Second-Lien						
Performing	1,925	1,967	1,925	1,967	20,392	17,623
Non-Accrual	—	—	—	—	3,394	1,271
Mezzanine						
Performing	—	—	—	—	—	—
Non-Accrual	—	—	—	—	—	—
Unsecured						
Performing	—	—	—	—	—	—
Non-Accrual	2,696	2,177	2,696	2,177	2,534	252
Equity Investments	64,949	65,220	64,949	65,220	53	279
Total	$152,250	$150,075	$ 69,570	$ 69,364	$237,931	$200,129

As a result of the effect of the OFS Capital WM transaction, we believe that a weighted average yield calculation is not meaningful at December 31, 2010. The weighted average yield to fair value was approximately 6.8% as of December 31, 2009. Pro forma for the Sale Accounting Adjustments, the OFS Capital WM loan portfolio had a weighted average yield to fair value of approximately 7.56% at December 31, 2010. Throughout this document, the weighted average yield on income producing investments at fair value is computed as (a) total annual stated interest on accruing loans plus the annualized amortization of deferred loan origination fees and accretion of OID divided by (b) total income producing investments at fair value. The weighted average yield on income producing investments at fair value is computed as of the balance sheet date and excludes assets on non-accrual status as of such date.

Results of Operations

We do not believe that our historical operating performance is necessarily indicative of the results of operations that we expect to report in future periods. Prior to the completion of this offering, we completed several significant corporate transactions, including the OFS Capital WM Transaction, the 2010 Distribution, the WM Credit Facility Amendments and the other transactions described above under "—Recent Developments and Other Factors Affecting Comparability." In addition to those matters, in future periods we will pay a management fee to OFS Advisor under the Investment Advisory Agreement by reference to a specific formula; in contrast, our historical financial information reflects costs incurred directly by us in the operation of our businesses. As noted under "—Recent Developments and Other Factors Affecting Comparability," we also intend to pursue a strategy that is focused primarily on investments in middle-market companies in the United States, including investments in senior secured, unitranche, second-lien and mezzanine loans and, to a lesser extent, warrants and other minority equity securities, which differs from our historical investment concentration. Moreover, as a business development company and a RIC, we will also be subject to certain constraints on our operations, including limitations imposed by the 1940 Act and the Code, to which we were not previously subject. In addition, if our SBIC subsidiary receives an SBIC license, it will be subject to regulation and oversight by the SBA. For the reasons described above, the results of operations described below may not necessarily be indicative of the results we expect to report in future periods.

Comparison of the years ended December 31, 2010 and December 31, 2009

Net Income

	Year Ended December 31, 2010	2009	% Change
	(in thousands)		
Net interest income	$ 6,599	$ 10,392	(36.5)%
Net interest income after loan loss provision (recovery)	$ 8,989	$ 3,506	156.4
Net income	$ 5,239	$ 3,258	60.8

Net income increased by $2.0 million, or 60.8%, for the year ended December 31, 2010 as compared to the year ended December 31, 2009. The increase in net income resulted primarily from the fact that we had a loan loss recovery in 2010 of $2.4 million compared to a loan loss provision in 2009 of $6.9 million, as well as a decrease in non-interest expense of $5.4 million. These effects were partially offset by decreases in net interest income and non-interest income of $3.8 million and $8.8 million, respectively.

Net Interest Income

	Year Ended December 31, 2010	2009	% Change
	(in thousands)		
Interest and fees on loans	$ 10,253	$ 16,812	(39.0)%
Interest and dividends on securities	—	244	(100)
Interest from related party	—	467	(100)
Total interest income	$ 10,253	$ 17,523	(41.5)
Interest on borrowed funds	$ 3,654	$ 6,772	(46.0)
Interest to related party	—	359	(100)
Total interest expense	3,654	7,131	(48.8)
Net interest income	$ 6,599	$ 10,392	(36.5)

Net interest income decreased by $3.8 million, or 36.5%, for the year ended December 31, 2010 as compared to the year ended December 31, 2009. The decrease in net interest income was due primarily to a decrease of $7.3 million in total interest income resulting from the distribution of certain assets by us to OFSAM on September 28, 2010 as part of the 2010 Distribution, as well as a general decrease in our weighted average assets during 2010. In addition, total interest income for 2010 includes $1.4 million in interest income recorded in respect of loans receivable pledged to creditors. The loans receivable pledged to creditors represents an accounting entry made as a result of the secured borrowing accounting treatment applied to the OFS Capital WM Transaction and relates to assets sold by us to OFS Capital WM at September 28, 2010. As a result of the WM Credit Facility Amendments in February 2011, going forward, those assets will not be included in our balance sheet and, accordingly, we will not record any interest income in respect of those assets. The decrease in net interest income year-over-year was partially offset by a decrease in total interest expense of $3.5 million resulting primarily from reduced borrowings in 2010 as compared to 2009 offset by a $1.4 million increase in interest expense recorded in respect of the payable under the securities loan agreement. The payable under the securities loan agreement also represents an accounting entry made as a result of the secured borrowing accounting treatment applied to the OFS Capital WM Transaction. Similar to the treatment of the interest income on loans receivable pledged to creditors, going forward, the payable will not be included in our balance sheet and, accordingly, we will not record any interest expense in respect of the payable. In November 2009, we reduced borrowings outstanding under the Old Credit Facility by $99.0 million and, in connection with the OFS Capital WM Closing, repaid in full all amounts outstanding under the Old Credit Facility.

Loan Loss Provision (Recovery)

Based on our loan loss impairment analysis, loan loss changed from a provision of $6.9 million in 2009 to a recovery of $2.4 million in 2010. Improvements in the general economy, and in our portfolio in particular, led to a decrease in the provision amount. In addition, one asset in particular accounted for a significant portion of the recovery in 2010.

Non-Interest Income

	Year Ended December 31,		
	2010	2009	% Change
	(in thousands)		
Gain on sale of equity investments	$ —	$ 188	(100.0)%
Gain on sale of loans, net	—	924	(100.0)
Gain on sale of Vidalia interest	—	4,918	(100.0)
Gain on restructuring of loans	152	—	N/A
Writedown of affiliated structured security	—	(346)	100.0
Impairment of other equity interests	—	(473)	100.0
Management fee income – related party	—	4,575	(100.0)
Income from Vidalia	—	522	(100.0)
Income from equity interest in OFS Capital WM	2,353	—	N/A
Fee income	185	1,069	(82.7)
Other income	52	203	(74.4)
Unrealized loss on warrants	19	—	N/A
Total non-interest income	$ 2,761	$ 11,580	(76.2)

Non-interest income decreased by $8.8 million, or 76.2%, for the year ended December 31, 2010 as compared to the year ended December 31, 2009. The decrease in non-interest income resulted primarily from (a) a $4.9 million gain on sale resulting from the sale in June 2009 of our 100% interest in Vidalia, a trust that owned a 9.93% interest in a hydroelectric power generating facility in Concordia Parish, Louisiana, and (b) the fact that, prior to the 2009 Reorganization, we received fee income from providing services associated with the management of the assets of an affiliated fund. As part of the 2009 Reorganization, we assigned that management agreement and the related servicing rights to OFSAM. This decrease was partially offset by income from equity interest in OFS Capital WM of $2.4 million following the closing of the OFS Capital WM Transaction on September 28, 2010.

Non-Interest Expense

	Year Ended December 31,		
	2010	2009	% Change
	(in thousands)		
Amortization of deferred financing closing costs	$ 643	$ 1,050	(38.8)%
Write-off of unamortized deferred financing closing costs	857	2,008	(57.3)
Loss on sale of loans, net	1,641	—	N/A
Unrealized loss on payable under securities loan agreement	1,058	—	N/A
Management fee – related party	1,850	—	N/A
Compensation and benefits	—	5,211	(100.0)
Professional fees	194	2,182	(91.1)
Consulting fees – related party	—	180	(100.0)
Other administrative expenses	268	1,233	(78.3)
Total non-interest expense	$ 6,511	$ 11,864	(45.1)

Non-interest expense decreased by $5.4 million, or 45.1%, for the year ended December 31, 2010 as compared to the year ended December 31, 2009. The decrease in non-interest expense resulted primarily from (a) our reduction during the first quarter of 2009 in the Old Credit Facility from $400 million to $265 million, which resulted in a write-off of unamortized deferred financing closing costs of $2.0 million during that quarter, and (b) the 2009 Reorganization, the result of which was that we were no longer the holding company for the OFS entities and which led, accordingly, to decreases in compensation and benefits, professional fees and other administrative expenses of $5.2 million, $2.1 million and $0.1 million, respectively. These were partially offset by (a) an increase in management fee - related party of $1.9 million, resulting from the 2009 Reorganization as a result of which OFSAM assumed responsibility for servicing the assets held by our subsidiary, OFS Funding, (b) a loss on sale of loans in 2010 of $1.6 million and write-off of the remaining unamortized deferred financing closing costs of $0.9 million as a result of the payoff of the Old Credit Facility on September 28, 2010 and (c) an unrealized loss on payable under securities loan agreement of $1.1 million as a result of an unrealized appreciation of the underlying loans receivable pledged to creditors of the same amount under the secured borrowing accounting treatment.

Comparison of the years ended December 31, 2009 and December 31, 2008

Net Income

	Year Ended December 31,		
	2009	2008	% Change
	(in thousands)		
Net interest income	$ 10,392	$ 8,876	17.1%
Net interest income (loss) after provision for loan losses	3,506	(14,878)	123.6
Income before income tax expense	3,222	163,367	(98.0)
Net income	$ 3,258	$ 163,314	(98.0)

Net income decreased by $160.1 million, or 98.0%, for the year ended December 31, 2009 as compared to the year ended December 31, 2008. The decrease in net income resulted primarily from cancellation of indebtedness income during the year ended December 31, 2008 in the amount of $189.5 million related to our subordinated noteholders' forgiveness of a portion of our subordinated debt during our debt refinancing. Excluding this cancellation of debt income, net income would have increased by $29.0 million, or 112.4%, primarily as a result of (a) a reduction in the provision for loan losses from the year ended December 31, 2008 to December 31, 2009 of $17.0 million, (b) an increase in net interest income of $1.5 million and (c) a reduction in non-interest expense of $8.8 million primarily as a result of decreased write-off of unamortized deferred financing closing costs, partially offset by a decrease in non-interest income of $2.4 million.

Net Interest Income

	Year Ended December 31,		
	2009	2008	% Change
	(in thousands)		
Interest and fees on loans	$ 16,812	$ 25,811	(34.9)%
Interest and dividends on securities	244	2,527	(90.3)
Interest from related party	467	132	253.8
Total interest income	$ 17,523	$ 28,470	(38.5)
Interest on borrowed funds	$ 6,772	$ 19,321	(65.0)
Interest to related party	359	273	31.5
Total interest expense	7,131	19,594	(63.6)
Net interest income	$ 10,392	$ 8,876	17.1

Net interest income increased by $1.5 million, or 17.1%, for the year ended December 31, 2009 as compared to the year ended December 31, 2008. The increase in net interest income was primarily attributable to a decrease in interest on borrowed funds of $13.0 million resulting from lower debt balances and a declining

LIBOR rate. This decrease in interest on borrowed funds was partially offset by a decrease in total interest income of $11.0 million resulting from a reduced average investment balance resulting from the repayment and sale of various debt investments as well as decreased LIBOR rates in 2009.

Provision for Loan Losses

	Year Ended December 31, 2009	2008	% Change
	(in thousands)		
Provision for loan losses	$ 6,886	$ 23,754	(71.0)%

The provision for loan losses decreased by $16.9 million, or 71.0%, for the year ended December 31, 2009 as compared to the year ended December 31, 2008. The decrease in loan loss provision was primarily due to our implementation of a general loan loss reserve effective for the year ended December 31, 2008 on our overall loan portfolio as well as higher specific reserves and a larger overall loan portfolio in 2008.

Non-Interest Income

	Year Ended December 31, 2009	2008	% Change
	(in thousands)		
Gain on sale of assets	$ 6,030	$ —	N/A
Management fee income – related party	4,575	4,499	1.7%
Income from Vidalia	522	1,650	(68.4)
Other income	1,272	911	39.6
Writedown of affiliated structured securities and impairment of other equity interests	(819)	—	N/A
Cancellation of debt income	—	189,525	(100.0)
Total non-interest income	$ 11,580	$196,585	(94.1)

Non-interest income decreased by $187.3 million, or 94.1%, for the year ended December 31, 2009 as compared to the year ended December 31, 2008. The decrease in non-interest income resulted primarily from cancellation of indebtedness income during the year ended December 31, 2008 in the amount of $189.5 million related to our subordinated noteholders' forgiveness of a portion of our subordinated debt during our debt refinancing. Excluding this cancellation of debt income, non-interest income would have increased by $2.2 million, or 23.4%, primarily resulting from a gain on sale of our interest in Vidalia of $4.9 million, partially offset by a decrease in gain on sale of equity investments of $2.1 million.

Non-Interest Expense

	Year Ended December 31, 2009	2008	% Change
	(in thousands)		
Amortization of deferred financing closing costs	$ 1,050	$ 1,571	(33.2)%
Write-off of unamortized deferred financing closing costs	2,008	6,056	(66.8)
Administrative expenses	8,806	8,602	2.4
Loss of sale of assets, net	—	4,438	(100.0)
Total non-interest expense	$ 11,864	$ 20,667	(42.6)

Non-interest expense decreased by $8.8 million, or 42.6%, for the year ended December 31, 2009 as compared to the year ended December 31, 2008. The decrease in non-interest expense resulted primarily from a reduction in write-off of unamortized deferred financing closing costs of $4.0 million. The write-off of costs during 2008 was a result of our payoff of the old debt during our refinancing.

Income Tax

As a limited liability company that did not elect to be treated as a corporation for U.S. federal income tax purposes, we did not pay U.S. federal income taxes.

After the completion of this offering, we intend to elect to be treated for income tax purposes as a RIC. As a RIC, we generally will not have to pay corporate-level U.S. federal income taxes on ordinary income or capital gains that we distribute to our stockholders as dividends. See "Material U.S. Federal Income Tax Considerations."

Financial Condition, Liquidity and Capital Resources

As of December 31, 2010, we had cash and cash equivalents outstanding of $0.9 million and no indebtedness (after giving pro forma effect to the WM Credit Facility Amendments which allow us to treat the OFS Capital WM Transaction as a sale, and not a secured borrowing, for accounting purposes and, accordingly, to eliminate any payable to OFS Capital WM recorded as part of the secured borrowing treatment).

We intend to generate cash primarily from the net proceeds of this offering, as well as any future offerings of securities, future borrowings, including borrowings through our SBIC subsidiary, and cash flows from operations, including interest earned from the temporary investment of cash in U.S. government securities and other high-quality debt investments that mature in one year or less. Following this offering, we plan to seek a credit facility to finance investments and working capital requirements. There can be no assurance that we will be able to obtain such financing on favorable terms or at all, or that we will be able to borrow additional funds through our SBIC subsidiary. In the future, we may also seek to finance all or portions of our portfolio through on-balance sheet or off-balance sheet special purpose vehicles. To securitize investments, we would likely create a subsidiary and contribute a pool of investments to the subsidiary. We or the subsidiary would then sell debt or equity interests in the subsidiary to purchasers and we would retain all or a portion of the equity in the subsidiary. Our primary use of funds will be investments in our targeted asset classes, interest payments on any indebtedness and cash distributions to holders of our common stock.

Although we expect to fund the growth of our investment portfolio through the net proceeds from this offering, future equity offerings, including our dividend reinvestment plan, and issuances of senior securities or future borrowings, to the extent permitted by the 1940 Act, we cannot assure you that our plans to raise capital will be successful. In addition, we intend to distribute to our stockholders substantially all of our taxable income in order to satisfy the requirements applicable to RICs under Subchapter M of the Code. Consequently, we may not have the funds or the ability to fund new investments or make additional investments in our portfolio companies to fund our unfunded commitments to portfolio companies. The illiquidity of these portfolio investments may make it difficult for us to sell these investments when desired and, if we are required to sell these investments, we may realize significantly less than their recorded value.

In addition, as a business development company, we generally will be required to meet a coverage ratio of total assets, less liabilities and indebtedness not represented by senior securities, to total senior securities, which include all of our borrowings and any outstanding preferred stock, of at least 200%. This requirement limits the amount that we may borrow. To fund growth in our investment portfolio in the future, we anticipate needing to raise additional capital from various sources, including the equity markets and the securitization or other debt-related markets, which may or may not be available on favorable terms, if at all.

Off-Balance Sheet Arrangements

We may be a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of our portfolio companies. As of September 28, 2010, immediately prior to the closing of the OFS Capital WM Transaction and the 2010 Distribution, we had unfunded commitments to fund

investments in our portfolio companies totaling $27.6 million under various undrawn revolving loans. We had no such unfunded commitments at December 31, 2010. Unfunded commitments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheet and are not reflected on our balance sheet.

Contractual Obligations

We have entered into contracts with third parties under which we have material future commitments—the Investment Advisory Agreement, pursuant to which OFS Advisor has agreed to serve as our investment adviser, and the Administration Agreement, pursuant to which OFS Services has agreed to furnish us with the facilities and administrative services necessary to conduct our day-to-day operations. See “Management and Other Agreements.”

As discussed above, our subsidiary, OFS Funding, was also the borrower under the Old Credit Facility. This credit facility was secured by our investment portfolio. However, we repaid in full and terminated the Old Credit Facility in connection with the Pro Forma Transactions. We had no scheduled contractual cash obligations or other commercial commitments as of December 31, 2010.

Quantitative and Qualitative Disclosure about Market Risk

We are subject to financial market risks, including changes in interest rates. Changes in interest rates affect both our cost of funding and the valuation of our investment portfolio. Our risk management systems and procedures are designed to identify and analyze our risk, to set appropriate policies and limits and to continually monitor these risks and limits by means of reliable administrative and information systems and other policies and programs. Our investment portfolio and investment income may be affected by changes in various interest rates, including LIBOR and prime rates.

As of September 28, 2010, immediately prior to the closing of the OFS Capital WM Transaction and the 2010 Distribution, over 98.5% of our outstanding loan portfolio bore interest at floating rates.

THE COMPANY

General

We are an externally managed, closed-end, non-diversified management investment company formed as a Delaware limited liability company in March 2001. Prior to the completion of this offering, we will convert into OFS Capital Corporation and file an election to be regulated as a business development company under the 1940 Act. In addition, for tax purposes we intend to elect to be treated as a RIC under the Code.

Our investment objective is to provide our stockholders with both current income and capital appreciation through primarily debt investments and, to a lesser extent, equity investments. Following this offering, we intend to continue to pursue an investment strategy focused primarily on investments in middle-market companies in the United States. We use the term "middle-market" to refer to companies which may exhibit one or more of the following characteristics: number of employees between 150 and 2,000; revenues between $50 million and $300 million; EBITDA between $5 million and $50 million; generally, private companies owned by private equity firms or owners/operators; and enterprise value between $25 million and $500 million. For additional information about how we define the middle-market, see "The Company—Investment Criteria/Guidelines."

As of September 28, 2010, immediately prior to the closing of the OFS Capital WM Transaction and the 2010 Distribution, our investment portfolio consisted of outstanding loans of approximately $171.4 million in aggregate principal amount, of which 84.0% were senior secured loans. Although we will continue to focus on investments in senior secured loans, we also intend to expand into additional asset classes in which OFS Advisor's investment professionals have expertise, including investments in unitranche, second-lien and mezzanine loans and, to a lesser extent, warrants and other minority equity securities. More information on each of these asset classes can be found at "—Structure of Investments." Initially, we expect that our senior loan investments will be principally made through on-balance sheet or off-balance sheet special purpose vehicles, while our unitranche, second lien and mezzanine-loans will be made by us directly or through our proposed SBIC subsidiary. We expect our investments in the equity securities of these companies, such as warrants, preferred stock, common stock and other equity interests, will principally be made in conjunction with our debt investments, although we currently anticipate that no more than 5% of our portfolio will consist of equity investments in middle-market companies that do not pay a regular dividend. Generally, we do not expect to make investments in companies or securities that OFS Advisor determines to be distressed investments (such as discounted debt instruments that have either experienced a default or have a significant potential for default), other than follow-on investments in portfolio companies of ours.

A substantial portion of our business will focus on the direct origination and sourcing of investments through portfolio companies or their financial sponsors or other owners or intermediaries. We expect our investments to range generally from $5.0 million to $25.0 million each, although we expect that this investment size will vary proportionately with the size of our capital base.

Immediately prior to the closing of the OFS Capital WM Transaction and the 2010 Distribution, as of September 28, 2010, our loan portfolio consisted primarily of directly originated loans, club loans and broadly syndicated loan securities with a contractual 2.7-year weighted average life to maturity, approximately 84.0% of which were senior secured. As of September 28, 2010, we had commitments of approximately $199.0 million and outstanding loans of approximately $171.4 million in aggregate principal amount, with an average obligor commitment of $4.3 million. The difference between the amount of commitments and the outstanding loans is attributable to the unfunded portion of revolving loans in our portfolio at that time. Additional information about the current composition of our loan portfolio is provided below under "—Investments."

We believe senior secured, unitranche, second-lien and mezzanine loans to middle-market companies represent particularly attractive investments when compared to similar loans originated by market participants in the 2005 to 2007 period due to what we expect to be more attractive pricing and more conservative borrowing terms and deal

structures. In particular, we believe that structured equity debt investments (i.e., unitranche loans, typically with significant warrant coverage, in companies with no financial sponsor) represent a significant growth opportunity offering the borrower the convenience of dealing with one lender, which may result in a higher blended rate of interest than a traditional multitranche structure. We believe this creates the opportunity to originate new loans to less leveraged borrowers at historically high interest rates, as well as to purchase loans in the secondary market at attractive prices with high yields.

While we intend to pursue an investment strategy focused primarily on middle-market companies in the United States, including senior secured, unitranche, second-lien and mezzanine loans and, to a lesser extent, warrants and other minority equity securities, we also may invest up to 30% of our portfolio in opportunistic investments of non-eligible portfolio companies. Specifically, as part of this 30% basket, we may consider investments in investment funds that are operating pursuant to certain exceptions to the 1940 Act and in advisers to similar investment funds, as well as in debt of middle-market companies located outside of the United States and debt and equity of public companies that do not meet the definition of eligible portfolio companies because their market capitalization of publicly traded equity securities exceeds the levels provided for in the 1940 Act. However, because we will have approximately 30% of our assets in non-qualifying assets at the completion of this offering by virtue of our investment in OFS Capital WM, we will not be able to acquire any additional non-qualifying assets for the foreseeable future.

Additionally, we may in the future seek to securitize loans to generate cash for funding new investments. To securitize loans, we may create a wholly-owned subsidiary and contribute a pool of loans to the subsidiary. This could include the sale of interests in the subsidiary on a non-recourse basis to purchasers who we would expect to be willing to accept a lower interest rate to invest in investment grade loan pools, and we would retain a portion of the equity in the securitized pool of loans.

About OFS and Our Advisor

OFS (which refers to the collective activities and operations of OFSAM and its subsidiaries and certain affiliates) is an established investment platform focused on meeting the capital needs of middle-market companies. OFS is the successor to First Source Financial Inc., which was founded in 1995 as a joint venture between Dominion Capital, Inc., a wholly-owned subsidiary of Dominion Resources, Inc. (“Dominion”), and Household Commercial Financial Services Inc., a unit of Household International (“Household”). Household sold its interest in First Source Financial Inc. to Dominion in 1997. In 2003, Orchard Paladin Management, LLC, our predecessor, acquired from Dominion a portfolio of performing and non-performing loans of approximately $625 million in aggregate commitment amount, plus additional investments in equity securities. Shortly thereafter, in 2004, Orchard Paladin Management, LLC acquired Dominion’s interest in First Source Financial Inc. Most of the workouts managed by our senior managers since 2003 involved loans in the portfolio acquired from Dominion and loans acquired as a result of the purchase of Dominion’s interest in First Source Financial Inc.

Since commencing operations in 1995, OFS (together with its predecessor) has closed approximately 1,100 transactions with aggregate commitments of approximately $7.9 billion. OFS’s professionals have developed strong sourcing relationships and have expertise in investing across all levels of the capital structure of our targeted portfolio companies. OFS’s senior managers have gained extensive workout experience during multiple business cycles throughout the course of their careers. In addition, the senior management team has worked together to manage over 50 workouts involving debt securities in payment default or material covenant default. As of December 31, 2010, OFS had approximately $670.0 million of assets under management (excluding cash and the OFS Capital WM loan portfolio). OFS also draws upon the significant experience of Richard Ressler, the Chairman of OFS Advisor’s investment committee. Mr. Ressler is the founder and President of Orchard Capital, co-founder and Principal of CIM Group, Inc., a real estate investor and manager, and Chairman of j2 Global Communications, Inc., in addition to serving on the boards of directors of various private companies. Mr. Ressler has been actively involved in managing and investing in private middle-market companies for over 20 years. He has developed an expansive network of relationships in the sponsor group and corporate arena, which we intend to leverage for loan origination and sourcing purposes.

As of February 28, 2011, OFS had 26 full-time employees and five part-time employees. OFS is headquartered in Rolling Meadows, Illinois, a suburb of Chicago, with additional offices in New York, New York and Los Angeles, California.

Our investment activities will be managed by OFS Advisor, our investment advisor. OFS Advisor is responsible for sourcing potential investments, conducting research and diligence on potential investments and equity sponsors, analyzing investment opportunities, structuring our investments and monitoring our investments and portfolio companies on an ongoing basis. OFS Advisor is a subsidiary of OFSAM, our parent company prior to the completion of this offering, and is a registered investment advisor under the Advisers Act. None of OFS Advisor or any of its affiliates has prior experience managing or administering a business development company.

Our relationship with OFS Advisor is governed by and dependent on the Investment Advisory Agreement and may be subject to conflicts of interest. We have entered into the Investment Advisory Agreement, pursuant to which OFS Advisor will provide us with advisory services in exchange for a base management fee and incentive fee. See “Management and Other Agreements—Investment Advisory Agreement” for a discussion of the base management fee and incentive fee payable by us to OFS Advisor. The base management fee is based on our total assets (other than cash and cash equivalents but including assets purchased with borrowed amounts and including any assets owned by our SBIC subsidiary) and, therefore, OFS Advisor will benefit when we incur debt or use leverage. Our board of directors is charged with protecting our interests by monitoring how OFS Advisor addresses these and other conflicts of interest associated with its management services and compensation. While our board of directors is not expected to review or approve each borrowing or incurrence of leverage, our independent directors will periodically review OFS Advisor’s services and fees as well as its portfolio management decisions and portfolio performance. In connection with these reviews, our independent directors will consider whether our fees and expenses (including those related to leverage) remain appropriate.

OFS Advisor has entered into the Staffing Agreement with OFSC. OFSC employs all of OFS’s investment professionals. Under the Staffing Agreement, OFSC will make experienced investment professionals, including our SBIC subsidiary’s management personnel, available to OFS Advisor and provide access to the senior investment personnel of OFS and its affiliates. The Staffing Agreement provides OFS Advisor with access to deal flow generated by OFS and its affiliates in the ordinary course of their businesses and commits the members of OFS Advisor’s investment committee to serve in that capacity. As our investment advisor, OFS Advisor is obligated to allocate investment opportunities among us and any other clients fairly and equitably over time in accordance with its allocation policy.

OFS Advisor intends to capitalize on the significant deal origination and sourcing, credit underwriting, due diligence, investment structuring, execution, portfolio management and monitoring experience of OFS’s professionals. We currently expect that the senior management team of OFS, including Richard Ressler, Glenn Pittson, Bilal Rashid, Jeff Cerny and Kathi Inorio, will provide services to OFS Advisor. These managers have developed a broad network of contacts within the investment community averaging over 20 years of experience investing in debt and equity securities of middle-market companies. In addition, these managers have gained extensive experience investing in assets that will constitute our primary focus and have expertise in investing across all levels of the capital structure of middle-market companies.

In addition to their roles with OFS Advisor, Glenn Pittson and Bilal Rashid will serve as our interested directors. Mr. Pittson has over 25 years of experience in corporate finance, senior and mezzanine lending, structured finance, loan workouts and loan portfolio management, having spent the majority of his career at various capacities in CIBC, including as head of U.S. Credit Markets, where he was central to the development and execution of a fundamental restructuring of CIBC’s loan origination activities. During the mid-1980’s, Mr. Pittson was instrumental in establishing CIBC’s leveraged lending business. Mr. Rashid has approximately 15 years of experience in investment banking, debt capital markets and investing as it relates to corporate credit, structured credit and securitizations, including serving as a managing director in the global markets and investment banking division at Merrill Lynch. Over his career, Mr. Rashid has advised, arranged financing for and lent to several middle-market credit providers, including business development companies and their affiliates.

Among other members of OFS's senior management team, Jeff Cerny is experienced in credit evaluation, credit monitoring, troubled credit and loan administration, and negotiation and structuring of structured funding vehicles, having previously held positions at Sanwa Business Credit Corporation, American National Bank and Trust Company of Chicago and Charter Bank Group, a multi-bank holding company. Kathi Inorio's focus is on origination and underwriting, drawing on her experience as a vice president in the corporate finance group at Heller Financial, Inc., where she was responsible for portfolio management of middle-market senior cash flow loans.

Our Administrator

OFS Services, an affiliate of OFS Advisor, will provide the administrative services necessary for us to operate. OFS Services will furnish us with office facilities and equipment, necessary software licenses and subscriptions and clerical, bookkeeping and recordkeeping services at such facilities. OFS Services will oversee our financial reporting as well as prepare our reports to stockholders and all other reports and materials required to be filed with the SEC or any other regulatory authority. OFS Services will also manage the determination and publication of our net asset value and the preparation and filing of our tax returns and will generally monitor the payment of our expenses and the performance of administrative and professional services rendered to us by others. OFS Services may retain third parties to assist in providing administrative services to us. To the extent that OFS Services outsources any of its functions, we will pay the fees associated with such functions on a direct basis without incremental profit to OFS Services.

Small Business Investment Company Subsidiary

We intend to pursue a portion of our investment strategy through our SBIC subsidiary, a newly formed limited partnership, and have received preliminary authorization from the SBA in the form of a "Green Light" letter, dated October 7, 2009, to begin the application process to become licensed as an SBIC. We also own all the limited liability company interests of SBIC GP, a newly formed limited liability company that will serve as the general partner of our SBIC subsidiary. Because we will own, directly or indirectly, all of the equity interests in each of our SBIC subsidiary and SBIC GP, their financial condition and results of operations will be consolidated with those of OFS Capital for financial reporting purposes. Our SBIC subsidiary will be able to rely on an exclusion from the definition of "investment company" under the 1940 Act. As such, our SBIC subsidiary will not elect to be treated as a business development company, and will not be registered as an investment company under the 1940 Act. OFSC has employed three individuals who will serve on our SBIC subsidiary's investment committee and will be primarily responsible for the day-to-day management of the investment activities of our SBIC subsidiary, all of the cost of which will be borne by OFS Advisor through the Staffing Agreement. Additionally, the SBA recently approved Mr. Pittson as the fourth member of our SBIC subsidiary's investment committee.

Our SBIC subsidiary will have the same investment objective as ours and will invest primarily in debt and, to a lesser extent, equity securities; however, we expect that our SBIC subsidiary will focus on the generation of investment opportunities that are primarily non-sponsor oriented, complementing our current sponsor-oriented origination activities. Furthermore, we expect our SBIC subsidiary to typically target companies with annual EBITDA between $3 million and $15 million (compared to $5 million and $50 million for us) and typically invest between $5 million and $20 million per transaction (compared to $5 million and $25 million for us).

SBICs are designed to stimulate the flow of private equity capital to eligible small businesses. Under SBA regulations, SBICs may make loans to eligible small businesses and invest in the equity securities of small businesses. If and when received, an SBIC license will allow our SBIC subsidiary to obtain leverage by issuing SBA-guaranteed debentures, subject to the issuance of a capital commitment by the SBA and other customary procedures. SBA-guaranteed debentures are non-recourse, interest-only debentures with interest payable semi-annually and have a ten-year maturity. The principal amount of SBA-guaranteed debentures is not required to be paid prior to maturity but may be prepaid at any time without penalty. The interest rate of SBA-guaranteed debentures is fixed at the time of issuance at a market-driven spread over U.S. Treasury Notes with ten-year maturities.

SBA regulations currently limit the amount that an SBIC may borrow to up to a maximum of $150 million when it has at least $75 million in regulatory capital, receives a capital commitment from the SBA and has been through an examination by the SBA subsequent to licensing. For two or more SBICs under common control, the maximum amount of outstanding SBA-provided leverage cannot exceed $225 million.

The investments of an SBIC are limited to loans to and equity securities of eligible small businesses. Under present SBA regulations, eligible small businesses generally include businesses that (together with their affiliates) have a tangible net worth not exceeding $18 million and have average annual net income after U.S. federal income taxes not exceeding $6 million (average net income to be computed without benefit of any carryover loss) for the two most recent fiscal years. In addition, an SBIC must devote 25% of its investment activity to "smaller concerns," as defined by the SBA. A smaller concern generally includes businesses that have a tangible net worth not exceeding $6 million and have average annual net income after U.S. federal income taxes not exceeding $2 million (average net income to be computed without benefit of any net carryover loss) for the two most recent fiscal years.

We expect to apply for exemptive relief from the SEC to permit us to exclude the debt of our SBIC subsidiary guaranteed by the SBA from our 200% asset coverage test under the 1940 Act. If we receive an exemption for this SBA debt, we would have increased capacity to fund investments with debt capital.

Notwithstanding that OFSC has employed the three individuals who will serve on our SBIC subsidiary's investment committee and manage the investment activities of our SBIC subsidiary and that the SBA recently approved Mr. Pittson as the fourth member of our SBIC subsidiary's investment committee, we cannot assure you that our SBIC subsidiary will receive an SBIC license, that our SBIC subsidiary will receive the capital commitment from the SBA necessary to begin issuing SBA-guaranteed debentures or that we will receive the exemptive relief from the SEC relating to excluding our SBIC subsidiary's debt from our 200% asset coverage test.

Market Opportunity

We intend to continue to pursue an investment strategy focused primarily on investments in middle-market companies in the United States. We find the middle-market attractive for the following reasons:

Large Target Market. According to the U.S. Census Bureau in its 2002 economic census, businesses in the United States with annual revenues between $10 million and $2.5 billion accounted for approximately 39.2% of all revenues generated by U.S. companies and generated more than $8 trillion in annual revenues. We believe that these middle-market companies represent a significant growth segment of the U.S. economy and often require substantial capital investments to grow. Middle-market companies have historically constituted the vast bulk of OFS's portfolio companies since its inception, and constituted the vast bulk of our portfolio as of December 31, 2010. We believe that this market segment will continue to produce significant investment opportunities for us.

Specialized Lending Requirements with High Barriers to Entry. We believe that several factors render many U.S. financial institutions ill-suited to lend to U.S. middle-market companies. For example, based on the experience of our management team, lending to private middle-market companies in the United States (a) is generally more labor-intensive than lending to larger companies due to the smaller size of each investment and the fragmented nature of information for such companies, (b) requires due diligence and underwriting practices consistent with the demands and economic limitations of the middle-market and (c) may also require more extensive ongoing monitoring by the lender. As a result, middle-market companies historically have been served by a limited segment of the lending community. As a result of the unique challenges facing lenders to middle-market companies, there are high barriers to entry that a new lender must overcome.

Reduction in Competition Due to Dislocation in the Capital Markets. We believe that the dislocation in the markets over the last 36 months has further reduced the amount of credit available to middle-market companies.

Many participants in the mezzanine, second-lien and subordinated debt market over the past five years, such as hedge funds and managers of CLOs, have contracted or eliminated their origination and sourcing activities as investors' credit concerns have reduced available funding. In addition, we believe several existing business development companies are less active in the lending markets due to a lack of access to debt and equity financing. Moreover, many commercial banks face significant balance sheet constraints and increasing regulatory scrutiny, which we believe restricts their ability to lend. These balance sheet constraints are reflected in the results of the 2009 Shared National Credit review, which analyzed approximately $500 billion in loans formally identified as leveraged finance shared national credits. The 2009 Shared National Credit Review identified approximately 72% of the dollar volume of the 50 largest leveraged finance shared national credits as criticized assets.

Significant Refinancing Requirements. We believe that the debt associated with a large number of middle-market leveraged mergers and acquisitions completed from 2005 to 2008, which totals approximately $97.7 billion in the aggregate, will start to come due in the near term. In many cases, this debt will need to be refinanced as the existing debt facilities mature. When combined with the decreased availability of debt financing for middle-market companies generally, we believe these factors will increase lending opportunities for us.

Robust Demand for Debt Capital. Private equity firms reportedly raised more than $600 billion in each of 2007 and 2008, which we believe to be far in excess of the amount of equity they subsequently invested from this capital raised. We expect the large amount of unfunded buyout commitments will drive demand for leveraged buyouts over the next several years, which should, in turn, create leveraged lending opportunities for us.

Attractive Pricing. Reduced access to, and availability of, debt capital for our targeted middle-market borrowers typically increases the interest rates, or pricing, of loans. We believe that interest rates charged on mezzanine credit facilities were at or above 15% per annum in many instances in 2009, versus average rates of approximately 14% in 2006 and 2007. Based on what OFS has observed, recent mezzanine deals typically have included meaningful upfront fees, prepayment protections and, in many cases, warrants, all of which should enhance the profitability of new loans to lenders.

Conservative Deal Structures. As a result of the recent credit crisis, many lenders are requiring less senior and total leverage, more equity and more comprehensive loan covenants than was customary in the years leading up to the credit crisis. Lower debt multiples on purchase prices suggest that the cash flow of borrowing companies should enable them to service their debt more easily, creating a greater buffer against a downturn. According to industry sources, leverage (defined as total debt to EBITDA) of middle-market companies was at an historically low average level of approximately 3.4x for the five quarters ended March 31, 2010. Since 1997, the previous lowest average leverage level was approximately 3.6x in 2001, while the previous highest average leverage level was approximately 4.8x in both 1997 and 2007.

Competitive Strengths and Core Competencies

Deep Management Team Experienced in All Phases of Investment Cycle and Across All Levels of the Capital Structure. We are managed by OFS Advisor, which will have access through the Staffing Agreement with OFSC to the resources and expertise of OFS's investment professionals. As of December 31, 2010, OFS's credit and investment professionals (including all investment committee members but not including the recently hired SBIC subsidiary management personnel) employed by OFSC had an average of over 20 years of investment experience with strong institutional backgrounds, including General Electric Capital Corporation, Bank of America Business Credit, Merrill Lynch, Heller Financial Inc., NationsBank Corp., Sanwa Business Credit Corporation, Canadian Imperial Bank of Commerce and Drexel Burnham Lambert Inc. Moreover, OFS's investment professionals specialize in the acquisition, origination and sourcing, underwriting and asset management of our specific targeted class of portfolio companies and have experience in investing at all levels of the capital structure. OFS's senior managers have gained extensive workout experience during multiple business cycles. Recently, this staff of investment professionals has been augmented and diversified by the addition of the three individuals who will be primarily responsible for the day-to-day management of the investment activities of

our SBIC subsidiary. OFS's credit and investment professionals, including our SBIC subsidiary's management personnel, are supported by additional administrative and back-office personnel that focus on operations, finance, legal and compliance, accounting and reporting, marketing, information technology and office management. The expertise of OFS's senior managers extends beyond just loan origination and sourcing to significant experience with distressed debt and workouts. OFS also draws upon the significant experience of Richard Ressler, the Chairman of the executive committee of OFSAM and the Chairman of OFS Advisor's investment committee. Mr. Ressler has been actively involved in managing and investing in private middle-market companies for over 20 years. Mr. Ressler is the founder and President of Orchard Capital, co-founder and Principal of CIM Group, Inc., a real estate investor and manager, and Chairman of j2 Global Communications, Inc., in addition to serving on the boards of directors of various private companies. He has developed an expansive network of relationships in the sponsor group and corporate arena, which we intend to leverage for loan origination and sourcing purposes.

Alignment of Interests Among Us, the Management Team of OFS Advisor and New Investors. Unlike many business development companies, the interests of the senior management team of OFS Advisor and OFSAM are directly and significantly aligned with those of us and our new investors in this offering. After giving effect to this offering, the senior management team of OFS Advisor and OFSAM will own, indirectly through their interests in OFSAM, in the aggregate, approximately % of our outstanding shares of common stock (or % if the underwriters' over-allotment option is exercised in full). For many members of that senior management team, their investment in us represents a substantial percentage of such member's net worth. Accordingly, these individuals have an incentive to make decisions in the long-term interests of all our stockholders.

Significant Investment Capacity. Income from our investments, together with the net proceeds of this offering and any new debt we may incur, will provide us with a substantial amount of capital available for deployment into new investment opportunities in our targeted asset class. Additionally, we have submitted an application to the SBA to obtain a license for an SBIC subsidiary and have received preliminary approval from the SBA. Upon receipt of the SBIC license, we will be able to borrow additional funds through our SBIC subsidiary and take advantage of additional investment opportunities to meet our investment objectives.

Scalable Infrastructure Supporting the Entire Investment Cycle. We believe that our loan acquisition, origination and sourcing, underwriting, administration and management platform is highly scalable (that is, it can be expanded on a cost efficient basis within a timeframe that meets the demands of business growth). We believe that with limited incremental investment in personnel and back-office functions, our existing loan platform could accommodate three times our current loan volume. Because OFS Advisor will be compensated in part on a fixed percentage of our total assets (other than cash and cash equivalents but including assets purchased with borrowed amounts and including any assets owned by our SBIC subsidiary), it will have an incentive to leverage that platform and put our capital to work.

Our platform extends beyond origination and sourcing and includes a regimented credit monitoring system. We believe that our careful approach, which involves ongoing review and analysis by an experienced team of professionals, should enable us to identify problems early and to assist borrowers before they face difficult liquidity constraints. The expertise of OFS's senior managers extends beyond just loan origination and sourcing to significant experience with distressed debt and workouts, which the senior managers have managed separately or as a team through multiple business cycles. We believe that this experience enables us to prepare for possible negative contingencies in order to address them promptly should they arise.

Extensive Loan Sourcing Capabilities. OFS Advisor gives us access to the deal flow of OFS. We believe OFS's 15-year history as a middle-market lending platform and its market position makes it a leading lender to many sponsors and other deal sources, especially in the currently weak lending environment, and we have extensive relationships with potential borrowers and other lenders. Since its inception, OFS (together with its predecessor) has closed approximately 1,100 transactions with aggregate commitments of approximately

$7.9 billion. We believe that because of its relationships and its reputation in the marketplace as a source of debt capital to the middle-market, OFS receives relationship-based "early looks" at many investment opportunities, allowing it to be selective in the transactions it pursues. Finally, we believe that the addition by OFSC to its staff of investment professionals of the three individuals who will be primarily responsible for the day-to-day management of the investment activities of our SBIC subsidiary, as well as the newly established relationship with the lenders to OFS Capital WM, will significantly expand the investment opportunities available to us.

Structuring with a High Level of Service and Operational Orientation. We intend to provide client-specific and creative financing structures to our portfolio companies. Based on our experience in lending to middle-market companies, we believe that the middle-market companies we target, as well as sponsor groups we may pursue, require a higher level of service, creativity and knowledge than has historically been provided by other service providers more accustomed to participating in commodity-like loan transactions. We believe the broad expertise of the investment professionals of OFS Advisor will enable us to identify, assess and structure investments successfully across all levels of a company's capital structure and to manage potential risk and return at all stages of the economic cycle. We will not be subject to many of the regulatory limitations that govern traditional lending institutions such as banks. As a result, we expect to be flexible in selecting and structuring investments, adjusting investment criteria, transaction structures and, in some cases, the types of securities in which we invest. This approach should enable OFS Advisor to identify attractive investment opportunities throughout the economic cycle so that we can make investments consistent with our stated objective even during turbulent periods in the capital markets.

Rigorous Credit Analysis and Approval Procedures. OFS Advisor intends to utilize the established, disciplined investment process of OFS for reviewing lending opportunities, structuring transactions and monitoring investments. Using its disciplined approach to lending, OFS Advisor will seek to minimize credit losses through effective underwriting, comprehensive due diligence investigations, structuring and, where appropriate, the implementation of restrictive debt covenants. We expect that OFS Advisor will select borrowers whose businesses will retain significant enterprise value, even in a depressed market. We intend to use our capital resources to help our portfolio companies maintain sufficient liquidity to avoid the need for a distressed sale. While emphasizing thorough credit analysis, we intend to maintain strong relationships with sponsors and other deal sources by offering rapid initial feedback, from the OFS Advisor investment committee member leading the applicable deal team, to each investment opportunity shown to us.

Investment Criteria/Guidelines

Our investment objective is to generate current income and capital appreciation by investing primarily in investments in middle-market companies in the United States. We expect that our investments will include asset classes in which OFS Advisor's investment professionals have expertise, including investments in senior secured, unitranche, second-lien and mezzanine loans and, to a lesser extent, warrants and other minority equity securities. In particular, we believe that structured equity debt investments (i.e., unitranche loans, typically with significant warrant coverage, in companies with no financial sponsor) represent a significant growth opportunity offering the borrower the convenience of dealing with one lender, which may result in a higher blended rate of interest than a traditional multitranche structure. Initially, we expect that our senior loan investments will principally be made through on-balance sheet or off-balance sheet special purpose vehicles, while our unitranche, one-stop, second lien and mezzanine-loans will be made by us directly or through our proposed SBIC subsidiary. We expect our investments in the equity securities of these companies, such as warrants, preferred stock, common stock and other equity interests, will principally be made in conjunction with our debt investments, although we currently anticipate that no more than 5% of our portfolio will consist of equity investments in middle-market companies that do not pay a regular dividend. Generally, we do not expect to make investments in companies or securities that OFS Advisor determines to be distressed investments (such as discounted debt instruments that have either experienced a default or have a significant potential for default), other than follow-on investments in portfolio companies of ours. We intend to generate strong risk-adjusted net returns by assembling a diversified portfolio of investments across a broad range of industries.

We plan to target U.S. middle-market companies by utilizing our proprietary database of borrowers developed over OFS's more than 15 years in lending to middle-market companies, as well as through OFS's access to a network of financial institutions, private equity sponsors, investment banks, consultants and attorneys. A typical targeted borrower may exhibit one or more of the following characteristics:

- number of employees between 150 and 2,000;
- revenues between $50 million and $300 million;
- annual EBITDA between $5 million and $50 million;
- generally, private companies owned by private equity firms or owners/operators;
- enterprise value between $25 million and $500 million;
- effective and experienced management teams;
- strong market share;
- solid historical financial performance, including a steady stream of cash flow;
- high degree of recurring revenue;
- diversity of customers, markets, products and geography; and
- differentiated products or services.

While we believe that the criteria listed above are important in identifying and investing in prospective portfolio companies, not all of these criteria will be met by each prospective portfolio company.

Investment Process Overview

OFS's historical investment process, the process that OFS Advisor will employ in the management of our business, consists of six distinct phases:

- Sourcing/Origination;
- Pre-Screening;
- Investment Committee Oversight;
- Due Diligence/Underwriting;
- Investment Committee; and
- Portfolio Review/Credit Monitoring.

Each of the phases is described in more detail below.

Sourcing/Origination. OFS (together with its predecessor) has originated, sourced and closed approximately 1,100 transactions with aggregate commitments of approximately $7.9 billion. OFS Advisor will continue to source investment opportunities through access to a network of over 100 financial institutions, private equity sponsors, investment banks, turnaround consultants and bankruptcy attorneys with whom its investment personnel have relationships, as well as its proprietary database of borrowers developed over more than 15 years in lending to middle-market companies.

As part of its review of a potential loan opportunity, OFS Advisor will seek to ensure that:

- for all loans that we source or originate, the companies and their sponsors and management teams are reputable; and
- for club loans that we do not originate and syndicated loans in which we may participate, the agent or lead institutions in these transactions are known for high-quality credit analysis and due diligence based on both their institutional history and OFS Advisor's prior experience with them.

Pre-Screening. Together with qualifying the source of a potential loan opportunity, OFS Advisor will screen potential transactions before proceeding to the full due diligence phase of the underwriting process. This screening will emphasize:

- identification of a particular transaction's strengths and weaknesses;
- discussion of the prospective borrower's industry and competitive position;
- preliminary evaluation of the borrower's historical financial information and financial projections; and
- identification of elements upon which special attention will be focused during the full due diligence process.

During this process, OFS Advisor will evaluate the risk/reward characteristics of transactions to ensure pricing is appropriate to generate an appropriate risk-adjusted return.

Investment Committee Oversight. OFS Advisor's team for each proposed loan will include at least one member of OFS Advisor's investment committee or credit committee and will generally consist of a principal, director and associate. If, after the conclusion of the pre-screening process, the principal assigned to that deal team supports the investment, a screening memo will be prepared and presented to the investment committee to discuss issues, concerns and pre-conditions to making the investment. After consideration of the factors described in this prospectus, the investment committee will make a formal decision to either continue with the investment process or decline the potential investment.

Due Diligence/Underwriting. After receiving the preliminary approval of the investment committee, OFS Advisor will conduct appropriate due diligence on the proposed borrower. We expect OFS Advisor's deal team to continue the same systematic, consistent approach historically employed by OFS to determine the specific risks, issues and concerns associated with each investment. The due diligence review will take into account information OFS Advisor's team deems necessary to make an informed decision about the creditworthiness of the borrower and the risks of the investment, which includes but is not limited to inquiries into the borrower's customers, suppliers, products, services, management team, industry, competitors, equity sponsor, structure, enterprise value, collateral value and historical financial results. In addition, OFS Advisor's team will analyze the borrower's projections and the investment's risk/return and formulate an exit strategy.

For any investment, due diligence will involve a review of legal documentation for key terms, such as intercreditor agreement terms, voting rights, scheduled repayments, financial covenants, collateral and major amendments.

For new primary investments, the due diligence process will typically entail:

- on-site management meetings (for agent and club transactions) and due diligence performed on operations;
- background checks;
- review of material contracts;
- discussions with the customers and suppliers;
- comprehensive analysis of historical results and projections; and
- identification (and where possible quantification) of any pending litigation.

For secondary purchases, in addition to the typical due diligence and underwriting process, the review of legal documentation assists in ensuring appropriate contractual protections and control over the investment, in which OFS Advisor will consider:

- how much control over the investment in the portfolio company can be obtained through the original documentation and the size of the commitment;
- the composition of the broader creditor group; and
- the benefits of investing at different levels of the capital structure.

For secondary opportunistic purchases, in addition to the typical due diligence and underwriting process, OFS Advisor's review will focus on clearly identifying issues, such as an inappropriate capital structure, a suboptimal management team or operational issues that led to stressed performance, and establishing a clear, concise restructuring plan. OFS Advisor's process is expected to consist of:

- evaluating whether the restructuring plan is reasonable and achievable;
- assessing the management team and its ability to implement the plan;
- identifying internal and external risks of the plan;
- determining if the company has the personnel, processes and systems in place to properly run the business and implement its plan; and
- determining if OFS Advisor has the resources to assist in executing the plan.

Finally, OFS Advisor's diligence will include a thorough review of collateral and may include documents supporting the collateral's value, such as appraisals, field audit reports and accounts receivable agings. OFS Advisor expects to use discounted cash flow and multiples analysis to determine an approximate enterprise value and liquidation value in supporting its investment decisions. OFS Advisor will seek to achieve the targeted return on the investment through structuring the purchase price, OID, interest income and fees, the size of the investment and the level of investment in the borrower's capital structure. At the time of the investment, OFS Advisor will formulate an exit strategy that identifies the source and expected timing of the repayment of the loan.

Investment Committee. Upon the conclusion of the due diligence process and after considering the factors described above, OFS Advisor's team will make a formal recommendation to the investment committee for approval.

Portfolio Review/Credit Monitoring. OFS views active portfolio monitoring as a vital part of the investment process. As part of the monitoring process, OFS Advisor will regularly assess the risk profile of each of our investments and rate each of them on an internal ratings scale that has credit quality and trend indicators. Low-rated loans will receive more frequent monitoring, including assessment of potential loss exposure using discounted cash flow, sales multiples and collateral valuation analysis. In order to determine these ratings, OFS Advisor will conduct periodic monitoring activities. The monitoring takes into account items that may include changing industry characteristics, company and industry critical parameters, collateral and covenant protection, risks to obligor cash flows, benchmarking borrower performance to base and/or stress-case scenarios, the value of the collateral and enterprise and the feasibility of the exit strategy.

OFS conducts, and OFS Advisor will conduct, different monitoring activities at different frequencies. For a typical investment, OFS Advisor's review activities may be as follows:

Daily Activities:	• Interact with loan administration to ensure accurate and timely information for internal and external reporting, daily fundings and collections • Obtain reports related to loan processing (i.e., payments, balances, unused revolver availability) to facilitate funding decisions

- Conduct ongoing internal dialogue and senior management oversight of the entire portfolio
- Maintain a dialogue with obligors, agent banks and sponsors in furtherance of credit strategy implementation
- Manage loans aggressively, with increased reporting and oversight for stressed and distressed obligors
- Analyze and maintain loan documentation and detailed loan obligor financial information

Weekly Activities:

- Obtain a weekly balance report including the obligor's loan activity
- Hold a credit committee meeting attended by all credit directors and a senior member of loan administration, augmented by ad hoc meetings throughout the week to:
  - Discuss any amendments or waivers in the portfolio
  - Review past due reports and upcoming loan payments
  - Discuss obligors whose deteriorating financial condition requires more frequent monitoring
  - Discuss all other noteworthy events in the portfolio (e.g., payoffs, key management changes, upcoming meetings and visits, industry events)
- Hold an investment committee meeting to preview prospective investments at an earlier stage and approve new investments upon completion of due diligence and underwriting activities

Monthly Activities:

- Review formal asset management report for watch list obligors
- Review a portfolio report of commitments, balances and availability of the obligor
- Periodically meet with obligor management on-site to review performance and plans
- Manage loans aggressively, with increased reporting and oversight for stressed and distressed obligors
- Modify and adapt collection strategies, as appropriate

Quarterly Activities:

- Conduct a formalized quantitative and qualitative review of investments, including:
  - Review of risk rating with credit quality and trend indicators
  - Financial analysis, including "actual versus plan" and "actual versus prior year" for the latest quarter and year-to-date
  - Review of recent developments specific to the obligor, as well as external factors affecting the obligor
  - Review of covenant compliance and loan documentation
  - Discussion of credit strategy and action plan and repayment sources
- Conduct fair value analysis, as appropriate

Investment Committee

The purpose of OFS Advisor's investment committee, which will be comprised of Richard Ressler (Chairman), Glenn Pittson, Bilal Rashid, Jeffrey Cerny and Kathi Inorio and will be provided under the Investment Advisory Agreement, is to evaluate and approve all of our investments, subject at all times to the oversight of our board of directors. The investment committee process is intended to bring the diverse experience and perspectives of the committee's members to the analysis and consideration of each investment. The investment committee will serve to provide investment consistency and adherence to our core investment philosophy and policies. The investment committee will also determine appropriate investment sizing and suggest ongoing monitoring requirements.

In addition to reviewing investments, investment committee meetings will serve as a forum to discuss credit views and outlooks. Potential transactions and deal flow will be reviewed on a regular basis. Members of the investment team will be encouraged to share information and views on credits with the investment committee early in their analysis. We believe this process will improve the quality of the analysis and assists the deal team members to work more efficiently.

As described above, each transaction is presented to the investment committee in a formal written report. All of our new investments must be approved by a consensus of the investment committee. Each member of OFS Advisor's investment committee performs a similar role for other investments managed by OFS and its affiliates. In certain instances, our board of directors may also determine that its approval is required prior to the making of an investment.

In addition, OFSC has employed three individuals who will serve on our SBIC subsidiary's investment committee and manage the investment activities of our SBIC subsidiary. Any investment decision on the part of our SBIC subsidiary will require the approval of our chief executive officer, Glenn Pittson, who has also been approved by the SBA to be a member of the investment committee of our SBIC subsidiary. Subject to the foregoing, our SBIC subsidiary's team will be led by Mark Hauser who brings over 25 years of middle-market investment experience to the group. Prior to joining OFS, he was a senior managing director at Sandell Asset Management Corp., an international multi-strategy alternative asset manager, where he founded and was head of the firm's global private equity practice as well as a member of its investment committee. Prior to joining Sandell Asset Management Corp., he was a managing director at FdG Associates LLC, a New York-based lower-middle-market private equity fund focused on investing in family-owned businesses, where he served on the investment committee. Prior to that, he was the founder and managing director of Tamarix Capital Corp., a New York-based investment and merchant banking company that made investments in businesses with significant growth potential. Mr. Hauser has served as an officer and on the boards of directors of various portfolio companies and began his career as a corporate attorney, practicing in New York, Sydney and London. Mr. Hauser holds a Bachelor of Economics and a Bachelor of Laws from Sydney University and a Master of Laws from the London School of Economics & Political Science.

Structure of Investments

Once we have determined that a prospective portfolio company is suitable for investment, we will work with the management of that company and its other capital providers to structure an investment. We will negotiate among these parties to agree on how our investment is expected to perform relative to the other capital in the portfolio company's capital structure.

We anticipate that our loan portfolio will contain investments of the following types:

Senior Secured Loans. Historically, senior secured loans comprised substantially all of our investment portfolio and will remain part of our primary investment objective going forward. We will obtain security interests in specified assets of these portfolio companies that will serve as collateral in support of the repayment of these loans (in certain cases, subject to a payment waterfall). The collateral will take the form of first-priority liens on specified assets of the portfolio company borrower. Our senior secured loans may provide for moderate loan amortization in the early years of the loan, with the majority of the amortization deferred until loan maturity. Under

market conditions as of the date of this prospectus, we expect that the interest rate on senior secured loans will range between 5% and 8% over applicable LIBOR. Generally, we believe that future investments in senior secured loans by us will be through special purpose vehicles or in anticipation of transferring those assets to a special purpose vehicle due to the lower returns resulting from such assets.

Unitranche Loans. Unitranche loans are loans that combine both senior and subordinated debt into one loan under which the borrower pays a single blended interest rate that reflects the relative risk of the secured and unsecured components. We anticipate structuring our unitranche loans as senior secured loans. We will obtain security interests in the assets of these portfolio companies that will serve as collateral in support of the repayment of these loans. This collateral may take the form of first-priority liens on the assets of a portfolio company. We believe that unitranche lending represents a significant growth opportunity offering the borrower the convenience of dealing with one lender, which may result in a higher blended rate of interest than a traditional multitranche structure. Unitranche loans typically provide for moderate loan amortization in the initial years of the facility, with the majority of the amortization deferred until loan maturity. Unitranche loans generally allow the borrower to make a large lump sum payment of principal at the end of the loan term, and there is a risk of loss if the borrower is unable to pay the lump sum or refinance the amount owed at maturity. In many cases, we will be the sole lender, or we together with our affiliates will be the sole lender, of unitranche loans, which can afford us additional influence with a borrower in terms of monitoring and, if necessary, remediation in the event of underperformance. Based on our evaluation of market conditions as of the date of this prospectus, we expect that the interest rate on unitranche loans that involve financial sponsors will range between 6% and 10% (reflecting a blending of rates appropriate for the senior and junior debt exposures inherent in a unitranche loan) over applicable LIBOR. In the case of transactions originated by our SBIC subsidiary that are not backed by a financial sponsor, we expect the cash interest rate to range between 10% and 14% and to receive warrants (often above 10%) in connection with such loans. Such transactions generally occur in the lower-middle market, defined as businesses with annual revenues generally between $10 million and $100 million, and the lender typically has the right to designate at least one member of the borrower's board of directors.

Second-lien Loans. We anticipate structuring these investments as junior, secured loans. We intend to obtain security interests in the assets of these portfolio companies that will serve as collateral in support of the repayment of such loans. This collateral may take the form of second-priority liens on the assets of a portfolio company and we may enter into an intercreditor agreement with the holders of the portfolio company's senior secured debt. These loans typically provide for moderate loan amortization in the initial years of the facility, with the majority of the amortization deferred until loan maturity.

Mezzanine Loans. We anticipate structuring these investments as unsecured, subordinated loans that provide for relatively high, fixed interest rates that provide us with significant current interest income. These loans typically will have interest-only payments (often representing a combination of cash pay and PIK interest) in the early years, with amortization of principal deferred to maturity. Mezzanine loans generally allow the borrower to make a large lump sum payment of principal at the end of the loan term, and there is a risk of loss if the borrower is unable to pay the lump sum or refinance the amount owed at maturity. Mezzanine investments are generally more volatile than secured loans and may involve a greater risk of loss of principal. Mezzanine loans often include a PIK feature (meaning a feature allowing for the payment of interest in the form of additional principal amount of the loan instead of in cash), which effectively operates as negative amortization of loan principal, thereby increasing credit risk exposure over the life of the loan.

Warrants and Minority Equity Securities. In some cases, we will also receive nominally priced warrants or options to buy a minority equity interest in the portfolio company in connection with such a loan. As a result, as a portfolio company appreciates in value, we may achieve additional investment return from this equity interest. We may structure such warrants to include provisions protecting our rights as a minority-interest holder, as well as a "put," or right to sell such securities back to the issuer, upon the occurrence of specified events. In many cases, we may also seek to obtain registration rights in connection with these equity interests, which may include demand and "piggyback" registration rights.

As of September 28, 2010, immediately prior to the closing of the OFS Capital WM Transaction and the 2010 Distribution, approximately 84.0% of our loans were senior secured loans, while the remaining portion constituted second-lien loans and junior securities.

General Structuring Considerations. We intend to tailor the terms of each investment to the facts and circumstances of the transaction and the prospective portfolio company, negotiating a structure that protects our rights and manages our risk while creating incentives for the portfolio company to achieve its business plan and improve its operating results. We will seek to limit the downside potential of our investments by:

- requiring a total return on our investments (including both interest and potential equity appreciation) that we believe will compensate us appropriately for credit risk;
- negotiating covenants in connection with our investments that afford our portfolio companies as much flexibility in managing their businesses as possible, consistent with the preservation of our capital. Such restrictions may include affirmative and negative covenants, default penalties, lien protection, change of control provisions and board rights, including either observation or rights to a seat on the board of directors under some circumstances; and
- selecting investments that we believe have a very low probability of loss.

We expect to hold most of our investments to maturity or repayment, but we may sell some of our investments earlier if a liquidity event occurs, such as a sale, recapitalization or worsening of the credit quality of the portfolio company.

Investments

While, historically, substantially all of our investment portfolio consisted of senior secured loans to middle-market companies in the United States, we sold a substantial portion of our loan portfolio to OFS Capital WM and, concurrently with the OFS Capital WM Transaction, we distributed to OFSAM a substantial portion of our remaining loan portfolio and certain of our equity investments. We intend to continue to pursue an investment strategy focused primarily on investments in middle-market companies in the United States. We expect that our investments will include asset classes in which OFS Advisor's investment professionals have expertise, including investments in senior secured, unitranche, second-lien and mezzanine loans and, to a lesser extent, warrants and other minority equity securities. We will seek to create a diverse portfolio by making investments in the securities of middle-market companies that we expect to range generally from $5.0 million to $25.0 million each, although we expect this investment size will vary proportionately with the size of our capital base.

As of December 31, 2010, our investment portfolio consisted of outstanding loans of approximately $4.7 million in aggregate principal amount and equity investments (including our investment in OFS Capital WM) of $64.9 million. In addition to our equity investment in OFS Capital WM, as of December 31, 2010, we had an aggregate of nine investments in an additional four companies, which investments comprised both secured and unsecured term loans, as well as equity interests and warrants issued by such companies. Each of these companies is located in a different state and falls in a different industry category. Following this offering, we expect our investments to continue to span a broad range of geographical regions and industries. OFS Capital WM, our largest portfolio company, financed the purchase from us of a substantial portion of our loan portfolio using funds borrowed under the WM Credit Facility. Investors in OFS Capital will continue to benefit from, and be exposed to the risks associated with, that portion of our portfolio sold to OFS Capital WM as a result of our investment in OFS Capital WM.

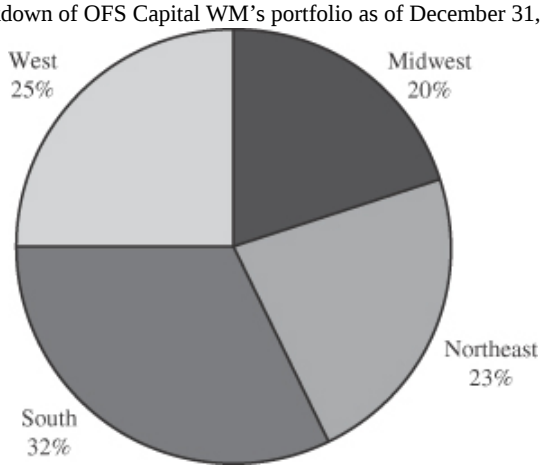
From December 31, 2010 to February 28, 2011, OFS Capital WM has acquired an additional $43.3 million in aggregate principal amount of loans. These additional loan assets comprised term loans to 12 additional middle-market companies. All such new loans are fully funded and OFS Capital WM has no outstanding unfunded commitments with respect thereto.

Set forth in the tables and chart below is selected information with respect to the portfolio of OFS Capital WM as of December 31, 2010. We believe this information is meaningful to investors because it provides a more complete picture of our historical origination and investment activities.

The following table summarizes the composition of OFS Capital WM's loan portfolio as of December 31, 2010.

Balance and Obligor Summary	As of 12/31/10 Commitment	Outstanding(1)
	(dollars in thousands)	
Balance: Term Loans	$ 115,609	$ 115,059
Balance: Revolvers	22,431	688
Total Balance	$ 138,039	$ 115,747
Total # of Obligors	35	35

The following chart provides a regional breakdown of OFS Capital WM's portfolio as of December 31, 2010.



The following table summarizes OFS Capital WM's loan portfolio by size of exposure.

Obligor Size (in millions)	As of 12/31/10 Commitment (in thousands)	Number
0 - 10	$ 138,039	35
10 - 20	—	0
20 - 30	—	0
Total Balance	$ 138,039	35

OFS Capital WM's loan portfolio is well-diversified, with limited exposure to subprime, commodities, real estate and lodging. The following table summarizes OFS Capital WM's loan portfolio by industry as of December 31, 2010.

Category	As of 12/31/10 Commitment (in thousands)	Percent
Chemicals, Plastics & Rubber	19,899	14.4%
Diversified/Conglomerate Service	14,426	10.5%
Machinery (non-agriculture, non-construction, non-electronic)	11,730	8.5%
Printing & Publishing	9,879	7.2%
Automobile	9,607	7.0%
Electronics	5,413	3.9%
Aerospace & Defense	5,000	3.6%
Specialized Consumer Services	5,000	3.6%
Health Care Supplies	5,000	3.6%
Leisure Products	4,988	3.6%
Electrical Components & Equipment	4,899	3.5%
Industrial Conglomerates	4,862	3.5%
Healthcare, Education & Childcare	4,758	3.5%
Cargo Transport	4,644	3.4%
Packaging	4,482	3.2%
Finance	3,860	2.8%
Beverage, Food & Tobacco	3,578	2.6%
Distributors	3,555	2.6%
Broadcasting & Entertainment	3,051	2.2%
Diversified/Conglomerate Manufacturing	2,997	2.2%
Home & Office Furnishings, Housewares & Durable Consumer Products	2,278	1.7%
Personal, Food & Misc. Services	2,000	1.4%
Other	2,133	1.5%
Total	138,039	100%

Our Investment in OFS Capital WM

OFS Capital WM acquires, manages and finances senior secured loan investments to middle-market companies in the United States. To finance its business, at the OFS Capital WM Closing, OFS Capital WM entered into the WM Credit Facility with Wells Fargo and Madison Capital. In connection with the OFS Capital WM Closing, an affiliate of Madison Capital was appointed as loan manager to manage the assets of OFS Capital WM. In February 2011, OFS Capital WM entered into the WM Credit Facility Amendments, which will permit us to treat the OFS Capital WM Closing as a sale for accounting purposes on a going-forward basis.

At the OFS Capital WM Closing, we sold approximately $96.9 million of loans or participations therein, transferred to us by OFS Funding, to OFS Capital WM in exchange for all the equity interests in OFS Capital WM and the OFS Capital WM Cash Consideration. We transferred the OFS Capital WM Cash Consideration to OFS Funding, and OFS Funding used the OFS Capital WM Cash Consideration to repay a substantial portion of the outstanding loan balance under the Old Credit Facility. We also transferred the OFSAM Cash Contribution, made by our parent to us simultaneously with the OFS Capital WM Closing, to OFS Funding, and OFS Funding used the OFSAM Cash Contribution, together with cash on hand, to pay off the remaining balance under the Old Credit Facility in full.

We will not treat OFS Capital WM as one of our eligible portfolio companies. As a business development company, we are not permitted to acquire any assets other than "qualifying assets" specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets, including securities of "eligible portfolio companies," cash, cash equivalents, U.S. government securities and high-quality debt instruments

maturing in one year or less from the time of investment. Upon completion of this offering, we anticipate that our investment in OFS Capital WM will constitute approximately (but not more than) 30% of our assets. However, because we will have approximately 30% of our assets in non-qualifying assets at the completion of this offering, we will not be able to acquire any additional non-qualifying assets for the foreseeable future.

Under generally accepted accounting principles, we will not consolidate OFS Capital WM in our financial statements. Instead, our equity investment in OFS Capital WM will be reflected on our balance sheet. We expect that OFS Capital WM will be able to increase the rate of return on the senior secured assets sold to OFS Capital WM as a result of the more favorable financing terms under the WM Credit Facility, as compared to the Old Credit Facility. We will continue to benefit from the loan assets sold to OFS Capital WM by virtue of our ownership of 100% of the equity interests in OFS Capital WM, as well as from increased management capacity at OFS Advisor resulting from the appointment of an unaffiliated loan manager for OFS Capital WM. In addition, the management fee payable to OFS Advisor will be reduced because we will pay that fee on the value of our equity investment in OFS Capital WM (which value takes into account the indebtedness of OFS Capital WM), as opposed to the value of the individual assets sold to OFS Capital WM (which would not reflect any indebtedness). We expect that, over the life of the WM Credit Facility, based on the cost of capital and the yield on the underlying assets, we will have positive cash flow on a quarterly basis from our investment in OFS Capital WM. In addition, we believe that our newly established relationship with Madison Capital will significantly expand the investment opportunities available to us.

The following is a summary of the terms and conditions of WM Credit Facility and related matters.

Availability; Borrowings. As noted above, OFS Capital WM has obtained a $180 million secured revolving credit facility from the class A lenders (including Wells Fargo) and the class B lenders (including Madison Capital). The class A lenders will provide up to $135 million in class A loans and the class B lenders will provide up to $45 million in class B loans to OFS Capital WM. The credit facility is secured by eligible loan assets or participations therein acquired by OFS Capital WM from us at the OFS Capital WM Closing and eligible loan assets thereafter acquired by OFS Capital WM during its reinvestment period. Eligible loan assets generally consist of first lien loans sold to OFS Capital WM by us at the OFS Capital WM Closing or acquired by OFS Capital WM during its reinvestment period.

Outstanding borrowings on the credit facility are limited to the lesser of (a) the “maximum facility amount” of $180 million and (b) the “borrowing base.” Generally, during the reinvestment period, the borrowing base is equal to the value of the loan assets in OFS Capital WM’s portfolio multiplied by the advance rate of 65% with respect to the class A loans and 80% with respect to the class B loans. After the reinvestment period, the maximum facility amount will be limited to the then outstanding principal amount of class A loans and class B loans.

The controlling lender has significant input into assigning the value of OFS Capital WM loan assets for purposes of determining the borrowing base. Following certain events indicative of a deterioration in the assigned value of a loan asset, the controlling lender has the right to amend the assigned value of that loan for purposes of the borrowing base (provided that, other than for loans with an assigned value of zero, the amended and assigned value can be no less than the price quoted by a nationally recognized valuation firm selected by the controlling lender). If OFS Capital WM disagrees with that amended and assigned value, it may, at its expense, retain a nationally recognized valuation firm from an approved list or otherwise mutually agreeable to the class A lenders, the class B lenders and OFS Capital WM to determine the amended and assigned value of the applicable loan. If such valuation firm’s valuation is greater than that of the controlling lender, then the valuation firm’s valuation will become the amended and assigned value. In no event, however, will the amended and assigned value be greater than the value assigned the loan at the time it was acquired by OFS Capital WM without the consent of the majority of the class A lenders and the majority of the class B lenders, consenting separately by class.

A loan will have zero value for purposes of determining the borrowing base if (a) there is a payment default on the loan or the obligor becomes insolvent, (b) the loan is not an eligible loan asset under the facility, (c) a

closing date participation interest with respect to a loan was not converted into a full assignment within 60 days after the OFS Capital WM Closing or (d) unless another value is assigned by the controlling lender, the principal on a loan has been reduced or waived.

If at any time the amount of class A loans or class B loans outstanding, as applicable, exceeds the relevant borrowing base, a borrowing base deficiency will exist. In that event, OFS Capital WM will have three business days to eliminate the deficiency by, among other things, (a) depositing additional cash into the relevant collection account, (b) repaying class A loans or class B loans, as applicable, (c) pledging additional eligible loan assets or (d) if a class A borrowing base deficiency occurs, borrowing on the class B portion of the credit facility provided certain conditions are met. In the case of such a deficiency, we may determine it is in our best interests to make additional capital contributions to OFS Capital WM in the form of cash or additional eligible loan assets to protect the value of our equity investment in OFS Capital WM, and our additional contributions could be material.

The facility is subject to a reinvestment period during which time, assuming there is no event of default and certain other conditions are satisfied, class A loans and class B loans that would otherwise be subject to repayment may be borrowed or reborrowed by OFS Capital WM and reinvested in additional eligible loan assets. The reinvestment period is a two year period beginning on the date of the OFS Capital WM Closing, but will be earlier terminated upon an event of default under the facility or certain events of default with respect to the loan manager and may be extended by OFS Capital WM by one year with the consent of each lender.

Class A loans will mature on the fifth anniversary of the date of the OFS Capital WM Closing, while class B loans will mature on the sixth anniversary of the date of the OFS Capital WM Closing, which maturity dates will be extended by one year if the reinvestment period is extended by one year.

As of the OFS Capital WM Closing on September 28, 2010, OFS Capital WM had secured class A loans in the aggregate principal amount of $29.9 million and class B loans in the aggregate principal amount of $20 million.

Payment Terms. OFS Capital WM is obligated to pay interest on outstanding class A loans and class B loans on each quarterly payment date. Outstanding class A loans accrue interest at a daily rate equal to LIBOR plus 3.00% (or 5.00% if an event of default has occurred). Outstanding class B loans accrue interest at a daily rate equal to LIBOR plus 4.00% (or 6.00% if an event of default has occurred). OFS Capital WM has the right to repay loans outstanding under the facility in part from time to time. OFS Capital WM also has the right to repay the facility in full at any time. However, in the event of a repayment of the facility in full in the first or second year of the facility, OFS Capital WM will have to pay a prepayment penalty of 2.0% and 1.0%, respectively, of the maximum facility amount.

OFS Capital WM is also required to pay (a) each of the lenders customary annual unused facility fees, (b) its loan manager its loan manager fees, (c) certain trustee and bank fees and (d) other expenses and indemnities associated with management of its assets and the WM Credit Facility.

Management of OFS Capital WM and its Assets. The facility imposes significant restrictions and limitations on the activities of OFS Capital WM. Among other things, under the terms of the facility, the activities of OFS Capital WM are limited to the acquisition, ownership and management of eligible loan assets, the sale and/or substitution of eligible loan assets when and as permitted by the terms of the facility and business incidental to these activities. Under the terms of the facility, an affiliate of Madison Capital acts as loan manager and, in that capacity, has the authority to service, administer and exercise rights and remedies in respect of the assets in OFS Capital WM's portfolio. The loan manager also has the authority to determine whether to cause assets to be sold or acquired by OFS Capital WM, subject in certain circumstances to the consent of OFS Capital, as administrative manager of OFS Capital WM, provided that OFS Capital WM retains authority to instruct the loan manager to sell the assets in its portfolio in order to repay the facility in full. Finally, while we are the sole owner of all equity interests in OFS Capital WM, the limited liability company managers of OFS Capital WM

consist of us and two managers independent of OFS Capital WM and of us, and the approval of at least one independent manager is required for certain bankruptcy or insolvency transactions on the part of OFS Capital WM. Through our consent rights with respect to certain sales and acquisitions of assets by OFS Capital WM, we expect to be able to monitor and provide certain input in relation to the development of OFS Capital WM's portfolio.

Other. The facility contains additional representations and warranties, covenants and events of default customary for a transaction of this nature. Among other things, we are required to repurchase eligible loan assets or participations therein sold and contributed by us to OFS Capital WM in the event of certain breaches of representations and warranties with respect to those assets. We also pledge all of our interests in OFS Capital WM to the lenders to secure the obligations of OFS Capital WM to the lenders until all obligations under the WM Credit Facility have been paid in full and the commitments thereunder terminated.

Managerial Assistance

As a business development company, we will offer, and must provide upon request, managerial assistance to our portfolio companies. This assistance could involve monitoring the operations of our portfolio companies, participating in board and management meetings, consulting with and advising officers of portfolio companies and providing other organizational and financial guidance. OFS Services or an affiliate of OFS Services will provide such managerial assistance on our behalf to portfolio companies that request this assistance. We may receive fees for these services and will reimburse OFS Services or an affiliate of OFS Services for its allocated costs in providing such assistance, subject to the review and approval by our board of directors, including our independent directors.

Competition

Our primary competitors in providing financing to middle-market companies include public and private funds, other business development companies, commercial and investment banks, commercial finance companies and, to the extent they provide an alternative form of financing, private equity and hedge funds. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, we believe some competitors may have access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a business development company or to the distribution and other requirements we must satisfy to maintain our RIC status.

We expect to use the expertise of the investment professionals of OFS and its affiliates to which we will have access to assess investment risks and determine appropriate pricing for our investments in portfolio companies. In addition, we expect that the relationships of the senior members of OFS and its affiliates will enable us to learn about, and compete effectively for, financing opportunities with attractive middle-market companies in the industries in which we seek to invest. For additional information concerning the competitive risks we face, see "Risk Factors—Risks Relating to our Business and Structure—We operate in a highly competitive market for investment opportunities, which could reduce returns and result in losses."

Administration

We will not have any direct employees, and our day-to-day investment operations will be managed by OFS Advisor. We have a chief executive officer, chief financial officer, chief compliance officer and chief accounting officer and, to the extent necessary, our board of directors may elect to hire additional personnel going forward. Our officers will be employees of OFSC, an affiliate of OFS Advisor, and a portion of the compensation paid to our officers will be paid by us pursuant to the Administration Agreement. Some of our executive officers described under "Management" are also officers of OFS Advisor. See "Management and Other Agreements—Administration Agreement."

Properties

We do not own or lease any real estate or other physical properties material to our operation. Our headquarters are located at 2850 West Golf Road, 5th Floor, Rolling Meadows, Illinois 60008, and are provided by OFS Services pursuant to the Administration Agreement. Additional operations are conducted from offices in New York, New York and Los Angeles, California, which are also provided by OFS Services pursuant to the Administration Agreement. We believe that our office facilities are suitable and adequate for our business as we contemplate conducting it.

Legal Proceedings

OFS Capital Corporation, OFS Advisor and OFS Services are not currently subject to any material legal proceedings against them.

PORTFOLIO COMPANIES

The first table set forth below contains certain information as of December 31, 2010 for each portfolio company in which we had an investment. Other than these investments, our only formal relationships with our portfolio companies are the managerial assistance that we may provide upon request and any board observer or participation rights we may receive in connection with our investment. As of December 31, 2010, we did not "control" and are not an "affiliate" of any of our portfolio companies, each as defined in the 1940 Act. In general, under the 1940 Act, we would "control" a portfolio company if we owned 25.0% or more of its voting securities and would be an "affiliate" of a portfolio company if we owned five percent or more of its voting securities. The loans in our current portfolio were either originated or purchased in the secondary market by OFSAM and its affiliates. There are no material differences in the underwriting standards that were used to originate or purchase in the secondary market our current portfolio securities and the underwriting standards described in this prospectus that we expect to implement.

In connection with the OFS Capital WM Transaction, we sold our interest in a majority of our portfolio companies to OFS Capital WM in exchange for all the equity interests in OFS Capital WM and the OFS Capital WM Cash Consideration. The second table set forth below contains certain information as of December 31, 2010 for each portfolio company in which OFS Capital WM had an investment.

Based on the terms of the WM Credit Facility as of December 31, 2010, we were required under generally accepted accounting principles to account for the transfer of assets at September 28, 2010 in connection with the OFS Capital WM Closing as a secured borrowing and not as a sale of those assets. As a result, our consolidated financial statements as of December 31, 2010, including our consolidated balance sheet and our consolidated schedule of investments as of that date, continue to present the loans sold by us to OFS Capital WM on September 28, 2010 as owned by us and pledged to OFS Capital WM. In the following tables, we present all such loans as owned by OFS Capital WM.

Investments Owned by OFS Capital
As of December 31, 2010

Name and Address of Portfolio Company	Industry	Type of Investment	Interest(1)	Maturity	Commitment (par) (in thousands)	Outstanding (par) (in thousands)	Fair Value(2) (in thousands)	Percentage of Class Held
Arclin US Holdings Inc. c/o Arclin Canada Ltd. 5865 McLaughlin Road, Unit 3 Mississauga, ON, L5R 1B8 Canada	Chemicals, Plastics & Rubber	Unclassified Shares in Arclin Cayman Holdings Ltd.					$3,779,092	2.8371%
EnviroSolutions, Inc. c/o EnviroSolutinos Holdings, Inc. 14500 Avion Parkway, Suite 310 Chantilly, VA 20151	Ecological	Second-lien Loan 2nd Lien Term Loan	8.00% (LIBOR +6.00%) (Prime +5.00%)	7/29/2014	$1,955,797	$1,955,797	$1,966,622	
EnviroSolutions, Inc. c/o EnviroSolutinos Holdings, Inc. 14500 Avion Parkway, Suite 310 Chantilly, VA 20151	Ecological	Common Stock					$1,609,721	2.3009%
Hilite Holdco Corporation, Inc. 4100 Key Tower 127 Public Square Cleveland, OH 44114	Automobile	Unsecured Class B PIK Loan	8.00%	11/5/2019	$2,739,295	$2,739,295	$2,177,205	
Hilite Holdco Corporation, Inc. 4100 Key Tower 127 Public Square Cleveland, OH 44114	Automobile	Class B Common Stock in Hilite Holdco Corporation, Inc.					$—	0.1222%
Koosharem Corporation 3820 State Street Santa Barbara, CA 93105	Diversified/Conglomerate Service	2010 Term Loan Warrants					$103,719	0.0618%(3)
Koosharem Corporation 3820 State Street Santa Barbara, CA 93105	Diversified/Conglomerate Service	Consenting First Lien Lender Warrants					$52,404	0.2765%(3)
Koosharem Corporation 3820 State Street Santa Barbara, CA 93105	Diversified/Conglomerate Service	First Lien Lender Warrants					$—	3.5712%(3)
OFS Capital WM, LLC		100% of the membership interests in OFS Capital WM, LLC					$59,675,224	
					$4,695,092	$4,695,092	$69,363,987	

(1) The first rate provided in this column for each investment reflects the interest rate on all drawn amounts as of December 31, 2010.
(2) Fair value includes accrual of PIK interest on debt investments.
(3) Percentages shown for warrants represent the percentage of outstanding common stock, assuming the exercise of such warrants.

Investments Owned by OFS Capital WM
As of December 31, 2010

Name and Address of Portfolio Company	Industry	Type of Investment	Interest (1)	Maturity	Commitment (par) (in thousands)	Outstanding (par) (in thousands)	Fair Value (2) (in thousands)	Percentage of Class Held
Airxcel, Inc. 3050 North Saint Francis Wichita, KS 67219	Machinery (non-agriculture, non-construction, non-electronic)	Senior Secured Loan Revolver	N/A (LIBOR +5.50%) (Prime +3.25%) (LOC Fee 5.50%) (Unused Fee 1.00%)	8/31/2012	$1,300	$—	$26	
Airxcel, Inc. 3050 North Saint Francis Wichita, KS 67220	Machinery (non-agriculture, non-construction, non-electronic)	Senior Secured Loan Term Loan	8.00% (LIBOR +5.50%) (Prime +3.25%)	8/31/2012	$1,935	$1,935	$1,974	
ASP PDM Acquisition LLC 2800 Melby Street Eau Claire, WI 54703	Buildings & Real Estate	Senior Secured Loan Term Loan A	3.27% (LIBOR +2.75%) (Prime +1.75%)	12/31/2013	$1,820	$1,820	$1,710	
BBB Industries LLC 5640 Commerce Blvd. East Mobile, AL 36619	Automobile	Senior Secured Loan Term Loan (First Lien)	6.50% (LIBOR +4.50%) (Prime +3.25%)	6/29/2013	$4,966	$4,966	$4,916	
Cardinal Logistics Management Corporation 1000 Old Roswell Lakes Parkway, Suite 300, Roswell GA 30076	Cargo Transport	Senior Secured Loan Term Loan	12.50% (LIBOR +9.50%) (Prime +8.50%)	9/23/2013	$1,725	$1,725	$1,715	
Clarke American Corp. 10931 Laureate Drive San Antonio, TX 78249	Printing & Publishing	Senior Secured Loan Term Loan B	2.79% (LIBOR +2.50%) (Prime +1.50%)	6/30/2014	$1,930	$1,930	$1,753	
CR Brands, Inc. 141 Venture Boulevard Spartanburg , SC 29306	Chemicals, Plastics & Rubber	Senior Secured Loan Term Loan	7.75% (LIBOR +5.50%) (Prime +4.50%)	12/31/2012	$614	$614	$575	
DEI Sales, Inc. 1 Viper Way Vista, CA 92081	Electronics	Senior Secured Loan Revolver	N/A (LIBOR +5.50%) (Prime +4.50%) (LOC Fee 6.50%) (Unused Fee 0.38%)	9/22/2013	$1,202	$2	$(8)	
DEI Sales, Inc. 1 Viper Way Vista, CA 92081	Electronics	Senior Secured Loan Term Loan	7.50% (LIBOR +5.50%) (Prime +4.50%)	9/22/2013	$4,210	$4,210	$4,169	
Dura-Line Merger Sub, Inc. 835 Innovation Drive Knoxville, TN 37932	Chemicals, Plastics & Rubber	Senior Secured Loan Revolver	6.50% (LIBOR +3.75%) (Prime +2.75%) (LOC Fee 4.00%) (Unused Fee 0.50%)	3/22/2013	$2,000	$87	$88	
Dura-Line Merger Sub, Inc. 835 Innovation Drive Knoxville, TN 37932	Chemicals, Plastics & Rubber	Senior Secured Loan Term Loan A	6.50% (LIBOR +3.75%) (Prime +2.75%)	3/22/2014	$1,615	$1,615	$1,616	
Dwyer Group 1010 N University Parks Dr. Waco, TX 76707	Specialized Consumer Services	Senior Secured Loan Term Loan	7.50% (LIBOR +5.25%) (Prime +4.25%)	12/23/2015	$5,000	$5,000	$5,000	
Einstruction Corporation 308 North Carroll Blvd Denton TX 76201	Healthcare, Education & Childcare	Senior Secured Loan First Lien Term Loan	4.06% (LIBOR +3.75%) (Prime +2.50%)	7/2/2013	$4,758	$4,758	$4,627	

Name and Address of Portfolio Company	Industry	Type of Investment	Interest (1)	Maturity	Commitment (par) (in thousands)	Outstanding (par) (in thousands)	Fair Value (2) (in thousands)	Percentage of Class Held
Fort Dearborn Company 1530 Morse Ave. Elk Grove Village, IL 60007	Packaging	Senior Secured Loan Term Loan A CN	6.86% (LIBOR +5.00%) (Prime +4.00%)	8/24/2015	$42	$42	$42	
Fort Dearborn Company 1530 Morse Ave. Elk Grove Village, IL 60007	Packaging	Senior Secured Loan Term Loan A US	6.76% (LIBOR +5.00%) (Prime +4.00%)	8/24/2015	$644	$644	$644	
Fort Dearborn Company 1530 Morse Ave. Elk Grove Village, IL 60007	Packaging	Senior Secured Loan Term Loan B CN	7.37% (LIBOR +5.50%) (Prime +4.50%)	8/24/2016	$244	$244	$244	
Fort Dearborn Company 1530 Morse Ave. Elk Grove Village, IL 60007	Packaging	Senior Secured Loan Term Loan B US	7.26% (LIBOR +5.50%) (Prime +4.50%)	8/24/2016	$3,551	$3,551	$3,551	
Industrial Container Services, LLC 1540 S. Greewood Ave Montebello, CA 90640	Diversified/Conglomerate Service	Senior Secured Loan Term Loan B	4.44% (LIBOR +4.00%) (Prime +2.50%)	9/30/2011	$312	$312	$312	
Industrial Container Services, LLC 1540 S. Greewood Ave Montebello, CA 90641	Diversified/Conglomerate Service	Senior Secured Loan Term Loan C	4.30% (LIBOR +4.00%) (Prime +2.50%)	9/30/2011	$1,078	$1,078	$1,075	
Insight Pharmaceuticals 550 Township Line Rd. Suite 300 Blue Bell, PA 19422	Chemicals, Plastics & Rubber	Senior Secured Loan Revolver	N/A (LIBOR +4.00%) (Prime +2.75%) (LOC Fee 2.75%) (Unused Fee 0.50%)	3/31/2011	$895	$—	$—	
Insight Pharmaceuticals 550 Township Line Rd. Suite 300 Blue Bell, PA 19423	Chemicals, Plastics & Rubber	Senior Secured Loan Term Loan A	4.30% (LIBOR +4.00%) (Prime +2.75%)	3/31/2011	$252	$252	$252	
Insight Pharmaceuticals 550 Township Line Rd. Suite 300 Blue Bell, PA 19424	Chemicals, Plastics & Rubber	Senior Secured Loan Term Loan B	4.68% (LIBOR +4.38%) (Prime +3.13%)	3/31/2012	$3,321	$3,321	$3,322	
Intermedia Espanol, Inc. Televicentro De Puerto Rico, San Juan, Puerto Rico 00936-2050	Broadcasting & Entertainment	Senior Secured Loan Term Loan	3.02% (LIBOR +2.75%) (Prime +1.50%)	3/30/2012	$3,051	$3,051	$2,916	
Jameson LLC 1451 Old North Main Street P.O. Box 1030 Clover, SC 29710	Industrial Conglomerates	Senior Secured Loan Term Loan	7.55% (LIBOR +5.50%) (Prime +4.50%)	10/1/2015	$4,862	$4,862	$4,862	
Jonathan Holding Company 4100 Exchange Suite 200 Irvine, CA 92602	Machinery (non-agriculture, non-construction, non-electronic)	Senior Secured Loan Revolver	N/A (LIBOR +5.25%) (Prime +4.00%) (LOC Fee 5.25%) (Unused Fee 0.50%)	6/28/2013	$3,521	$—	$—	
Jonathan Holding Company 4100 Exchange Suite 200 Irvine, CA 92603	Machinery (non-agriculture, non-construction, non-electronic)	Senior Secured Loan Term Loan	7.25% (LIBOR +5.25%) (Prime +4.00%)	6/28/2013	$4,974	$4,974	$4,924	
Koosharem Corporation 3820 State Street Santa Barbara, CA 93105	Diversified/Conglomerate Service	Senior Secured Loan 2010 Term Loan	16.25% (LIBOR +14.00%) (Prime +13.00%)	8/1/2011	$1,100	$550	$561	
Koosharem Corporation 3820 State Street Santa Barbara, CA 93105	Diversified/Conglomerate Service	Senior Secured Loan Term Loan	10.25% (LIBOR +8.00%) (Prime +7.00%)	6/30/2014	$4,949	$4,949	$4,899	

Name and Address of Portfolio Company	Industry	Type of Investment	Interest (1)	Maturity	Commitment (par) (in thousands)	Outstanding (par) (in thousands)	Fair Value (2) (in thousands)	Percentage of Class Held
McKenzie Sports Products, LLC 1910 St. Luke's Church Road Salisbury, NC 28146	Leisure Products	Senior Secured Loan Term Loan A	7.25% (LIBOR +5.50%) (Prime +4.50%)	10/29/2016	$4,988	$4,988	$4,988	
MetoKote Corporation 1340 Neubrecht Road Lima, OH 45801	Automobile	Senior Secured Loan Term Loan	9.00% (LIBOR +6.50%) (Prime +5.50%)	11/27/2011	$2,605	$2,605	$2,598	
National Bedding Company, LLC 5401 Trillium Blvd. Suite 250 Hoffman Estates, IL 60192	Home & Office Furnishings, Housewares & Durable Consumer Products	Senior Secured Loan First Lien Term Loan	2.32% (LIBOR +3.50%) (Prime +2.50%)	2/28/2013	$2,278	$2,278	$2,200	
Pamarco Technologies, Inc.; Pamarco, Incorporated; Chicago Manifold Products Co.; Diamond Holding Corporation; Accel Graphic Systems, Inc.; Armotek Industries, Inc. 235 East 11th Avenue Roselle, NJ 07204	Printing & Publishing	Senior Secured Loan Revolver	6.00% (LIBOR +3.75%) (Prime +2.25%) (LOC Fee 4.25%) (Unused Fee 0.50%)	12/31/2014	$3,285	$600	$567	
Pamarco Technologies, Inc.; Pamarco, Incorporated; Chicago Manifold Products Co.; Diamond Holding Corporation; Accel Graphic Systems, Inc.; Armotek Industries, Inc. 235 East 11th Avenue Roselle, NJ 07205	Printing & Publishing	Senior Secured Loan Term Loan A	6.00% (LIBOR +3.75%) (Prime +2.25%)	12/31/2014	$4,664	$4,664	$4,617	
Panther II Transportation, Inc. 4940 Panther Parkway Seville, OH 44273	Cargo Transport	Senior Secured Loan Revolver	N/A (LIBOR +6.25%) (Prime +5.00%) (LOC Fee 6.25%) (Unused Fee 0.50%)	12/31/2011	$478	$—	$—	
Panther II Transportation, Inc. 4940 Panther Parkway Seville, OH 44274	Cargo Transport	Senior Secured Loan Term Loan	9.25% (LIBOR +6.25%) (Prime +5.00%)	12/31/2011	$2,442	$2,442	$2,443	
Phillips Feed & Pet Supply 3747 Hecktown Road Easton, PA 18042	Distributors	Senior Secured Loan Term Loan	7.50% (LIBOR +5.25%) (Prime +4.25%)	10/13/2015	$3,555	$3,555	$3,555	
Plaze Inc. 105 Bolte Lane St. Clair, MO 63077	Chemicals, Plastics & Rubber	Senior Secured Loan Revolver	N/A (LIBOR +2.75%) (Prime +1.75%) (LOC Fee 3.00%) (Unused Fee 0.50%)	4/5/2013	$750	$—	$(16)	
Plaze Inc. 105 Bolte Lane St. Clair, MO 63078	Chemicals, Plastics & Rubber	Senior Secured Loan Term Loan A	3.01% (LIBOR +2.75%) (Prime +1.75%)	10/5/2013	$7,549	$7,549	$7,227	
Revere Industries, LLC 17005 Westfield Park Road Westfield, IN 46077	Diversified/Conglomerate Manufacturing	Senior Secured Loan Rollover Loans	9.00% (LIBOR +6.00%) (Prime +5.00%)	6/30/2013	$1,998	$1,998	$2,012	
Revere Industries, LLC 17005 Westfield Park Road Westfield, IN 46076	Diversified/Conglomerate Manufacturing	Senior Secured Loan Term Loan	9.00% (LIBOR +6.00%) (Prime +5.00%)	6/30/2013	$999	$999	$1,019	
SMG 701 Market Street Suite 4400 Philadelphia, PA 19106	Diversified/Conglomerate Service	Senior Secured Loan Revolver	N/A (LIBOR +3.00%) (Prime +2.00%) (LOC Fee 3.00%) (Unused Fee 0.50%)	7/27/2012	$2,000	$—	$(45)	

Name and Address of Portfolio Company	Industry	Type of Investment	Interest (1)	Maturity	Commitment (par) (in thousands)	Outstanding (par) (in thousands)	Fair Value (2) (in thousands)	Percentage of Class Held
SMG 701 Market Street Suite 4400 Philadelphia, PA 19107	Diversified/Conglomerate Service	Senior Secured Loan Term B Loan	3.29% (LIBOR +3.00%) (Prime +2.00%)	7/27/2014	$4,987	$4,987	$4,763	
TAP Automotive Holdings, LLC 801 West Artesia Boulevard Compton, CA 90220	Automobile	Senior Secured Loan Term Loan C	8.25% (LIBOR +4.25%) (Prime +4.25%)	11/30/2011	$1,509	$1,509	$1,494	
TAP Automotive Holdings, LLC 801 West Artesia Boulevard Compton, CA 90221	Automobile	Senior Secured Loan Term Loan D	10.25% (LIBOR +6.25%) (Prime +6.25%)	6/30/2013	$527	$527	$522	
The Ritedose Corporation 1 Technology Circle Columbia, SC 29203	Health Care Supplies	Senior Secured Loan Term Loan	6.75% (LIBOR +5.00%) (Prime +4.00%)	11/10/2016	$5,000	$5,000	$5,000	
Thermo Fluids Inc. 8925 E Pima, Center Parkway Suite 105, Scottsdale, AZ 85258	Oil & Gas	Senior Secured Loan Term Loan B	5.29% (LIBOR +5.00%) (Prime +4.00%)	6/27/2013	$313	$313	$304	
Transfirst Holdings, Inc. 5950 Berkshire Lane, Suite 1100 Dallas, TX 75225	Finance	Senior Secured Loan Term Loan	3.02% (LIBOR +2.75%) (Prime +1.75%)	6/15/2014	$3,860	$3,860	$3,504	
Universal Air Filter 1624 Sauget Industrial Parkway Sauget, IL 62206	Electrical Components & Equipment	Senior Secured Loan Term Loan	8.25% (LIBOR +6.50%) (Prime +5.50%)	6/30/2015	$4,899	$4,899	$4,899	
Veyance Technologies, Inc. 1144 East Market Street Akron, OH 44316	Chemicals, Plastics & Rubber	Senior Secured Loan Delay Draw Term Loan	2.77% (LIBOR +2.50%) (Prime +1.50%)	7/31/2014	$364	$364	$324	
Veyance Technologies, Inc. 1144 East Market Street Akron, OH 44317	Chemicals, Plastics & Rubber	Senior Secured Loan Term Loan	4.47% (LIBOR +2.50%) (Prime +1.50%)	7/31/2014	$2,540	$2,540	$2,266	
Washington Inventory Service 9265 Sky Park Court, Suite 100 San Diego, CA 92123	Personal, Food & Misc. Services	Senior Secured Loan Revolver - US	N/A (LIBOR +4.75%) (Prime +3.75%) (Unused Fee 0.50%)	5/20/2013	$2,000	$—	$(5)	
WCI Acquisition SUB(ABC), Inc. 790 Eubanks Drive Vacaville, CA 95690	Beverage, Food & Tobacco	Senior Secured Loan Term Loan B	8.25% (LIBOR +6.25%) (Prime +5.00%)	6/30/2011	$1,457	$1,457	$1,458	
WCI Acquisition SUB(ABC), Inc. 790 Eubanks Drive Vacaville, CA 95691	Beverage, Food & Tobacco	Senior Secured Loan Term Loan C	9.25% (LIBOR +7.25%) (Prime +6.00%)	12/31/2011	$2,121	$2,121	$2,154	
Wesco Aircraft Hardware Corp. 27727 Avenue Scott Valencia, CA 91355	Aerospace & Defense	Senior Secured Loan Revolver	N/A (LIBOR +1.75%) (Prime +0.75%) (LOC Fee 2.38%) (Unused Fee 0.38%)	9/28/2012	$5,000	$—	$(117)	
					$138,039	$115,747	$113,496	

(1) The first rate provided in this column for each investment reflects the interest rate on all drawn amounts as of December 31, 2010. “N/A” represents revolving loans with no drawn amounts. Other values in this column represent borrower options.
(2) Fair value includes accrual of PIK interest on debt investments.

MANAGEMENT

Our business and affairs will be managed under the direction of our board of directors. Our board of directors consists of five members, three of whom are not "interested persons" of OFS Capital Corporation, OFS Advisor or their respective affiliates as defined in Section 2(a)(19) of the 1940 Act. We refer to these individuals as our "independent directors." Our board of directors elects our officers, who will serve at the discretion of the board of directors. The responsibilities of our board of directors include, among other things, oversight of our investment activities, quarterly valuation of our assets, oversight of our financing arrangements and corporate governance activities. Our board of directors has an audit committee and a nominating and corporate governance committee and may establish additional committees from time to time as necessary.

Glenn R. Pittson, the Chairman of our board of directors, also serves as our Chief Executive Officer and President and Chief Investment Officer of OFSAM, and is therefore an interested person as defined in Section 2(a)(19) of the 1940 Act. The board of directors believes that it is in the best interests of our investors for Mr. Pittson to lead the board of directors because of his extensive experience with the day-to-day management of investment funds and his broad financial industry experience, as described below. We have designated Robert J. Cresci as lead independent director, who acts as a liaison between the independent directors and management between meetings of the board of directors and is involved in the preparation of agendas for board and committee meetings. The board of directors believes that its leadership structure is appropriate in light of the characteristics of the company because the structure allocates areas of responsibility among the individual directors and the committees in a manner that enhances effective oversight. The board of directors also believes that its size creates a highly efficient governance structure that provides significant opportunity for direct communication between OFS Advisor and the board of directors.

Oversight of our investment activities extends to oversight of the risk management processes employed by OFS Advisor as part of its day-to-day management of our investment activities. The board of directors anticipates reviewing risk management processes at both regular and special board meetings throughout the year, consulting with appropriate representatives of OFS Advisor as necessary and periodically requesting the production of risk management reports or presentations. The goal of the board of directors' risk oversight function is to ensure that the risks associated with our investment activities are accurately identified, thoroughly investigated and responsibly addressed. Investors should note, however, that the board of directors' oversight function cannot eliminate all risks or ensure that particular events do not adversely affect the value of investments.

Board of Directors

Under our certificate of incorporation and bylaws, our board directors is divided into three classes. At each annual meeting, directors are elected for staggered terms of three years (other than the initial terms, which extend for up to three years), with the term of office of only one of these three classes of directors expiring each year. Each director will hold office for the term to which he or she is elected and until his or her successor is duly elected and qualified.

Directors

Information regarding the board of directors is as follows:

Name	Age	Position	Director Since	Term Expires
Interested Directors				
Glenn R. Pittson	55	Chairman and Chief Executive Officer	2010	2014
Bilal Rashid	40	Director	2010	2013
Independent Directors				
Marc Abrams	65	Director	2011	2014
Robert J. Cresci	67	Director	2011	2013
Elaine E. Healy	48	Director	2011	2012

The address for each of our directors is c/o OFS Capital Corporation, 2850 West Golf Road, 5th Floor, Rolling Meadows, Illinois 60008.

Executive Officers Who Are Not Directors

Information regarding our executive officers who are not directors is as follows:

Name	Age	Position
Robert S. Palmer	51	Chief Financial Officer and Treasurer
Eric P. Rubenfeld	40	Chief Compliance Officer

The address for each of our executive officers is c/o OFS Capital Corporation, 2850 West Golf Road, 5th Floor, Rolling Meadows, Illinois 60008.

Biographical Information

For purposes of this presentation, our directors have been divided into two groups—independent directors and interested directors. Interested directors are "interested persons" as defined in the 1940 Act.

Independent Directors

Marc Abrams is the founder and leader of the public company business sector of SingerLewak LLP, a certified public accounting firm founded in 1995. He has over 35 years of public accounting experience. Mr. Abrams' expertise includes audits of publicly held companies, initial public offerings, private offerings, corporate reorganizations and acquisitions, evaluating business plans and litigation support. Additionally, Mr. Abrams' broad practice includes expertise in several industries including technology, life sciences, real estate, retail and franchise, hotels and casinos, and manufacturing.

Mr. Abrams graduated from American University in 1967 with a Bachelor of Science in Accounting. He is an active member of AICPA, the California Society of CPAs and the Los Angeles Venture Association. Mr. Abrams' brings to our board of directors extensive accounting experience and expertise, which will be invaluable to our company.

Robert J. Cresci has been a managing director of Pecks Management Partners Ltd., an investment management firm, since 1990. He currently serves on the boards of j2 Global Communications, Inc., Sepracor, Inc., Luminex Corporation, Accel Networks, LLC and Continucare Corporation.

Mr. Cresci holds an undergraduate degree in Engineering from the United States Military Academy at West Point and holds a M.B.A. in Finance from the Columbia University Graduate School of Business. By virtue of his time with Pecks Management Partners and the other business entities mentioned, Mr. Cresci brings to our board of directors his broad expertise and experience in investment strategies, accounting issues, and public company matters**.**

Elaine E. Healy is the co-founder, president, chief operating officer and a director of Accel Networks, LLC, a fixed cellular wireless broadband service provider founded in November 2002. She is a senior executive with a broad investment background in operating companies ranging from start-ups to emerging growth to publicly traded entities. Ms. Healy has more than 10 years of experience operating in an entrepreneurial environment and as a director of companies in a wide range of industries. Throughout her career, she has participated in or been responsible for the periodic valuation of both debt and equity portfolios.

Ms. Healy graduated from The Florida State University in 1984 with a Bachelor of Science in Finance. Ms. Healy brings to our board an invaluable perspective on the building blocks for a successful enterprise and extensive experience with a wide range of investment vehicles, including closed end funds, SBICs, business development companies and both limited and general partnerships.

Interested Directors

Glenn R. Pittson is the President and Chief Investment Officer of OFSAM, which he co-founded in 2001, and a Senior Managing Director of OFSC. Mr. Pittson has over 25 years of experience in corporate finance, senior and mezzanine lending, structured finance, loan workouts and loan portfolio management. Prior to founding OFSAM, Mr. Pittson spent the majority of his career at Canadian Imperial Bank of Commerce and its affiliates. During 1997 and 1998, Mr. Pittson managed CIBC's U.S. loan portfolio as the head of U.S. Credit Capital Markets, where he was central to the development and execution of a fundamental restructuring of CIBC's loan origination activities.

From 1997 through 1999, Mr. Pittson was also a member of various core operating committees at CIBC, including the U.S. Credit Committee, the New Initiatives Committee, the Global Finance Committee, the U.S.A. Management Committee and the U.S. Underwriting Committee. As a founding manager of CIBC's leveraged buyout business in the mid-1980s, Mr. Pittson focused on building the middle-market, agented transaction business. Mr. Pittson holds a B.S. in Economics and Finance from Rutgers University. Mr. Pittson's entrepreneurial and leadership experience with OFSAM and his previous experience in lending, loan origination and management are invaluable to our board of directors.

Bilal Rashid is a Senior Managing Director of OFSC and a member of the investment, credit and executive committees of the firm. In addition to his investment responsibilities, he is responsible for the capital markets-related activities of OFSC. Prior to joining OFSC in 2008, Mr. Rashid spent three years as a managing director in the global markets and investment banking division at Merrill Lynch. Mr. Rashid has approximately 15 years of experience in investment banking, debt capital markets and investing as it relates to securitizations, structured credit and corporate credit. Over the years, he has advised and arranged financing for investment management companies and commercial finance companies including business development companies. Before joining Merrill Lynch in 2005, he was a vice president at Natixis Capital Markets, which he joined as part of a large team move from CIBC. Prior to CIBC, he worked as an investment analyst in the project finance area at the International Finance Corporation, which is part of the World Bank, and as a financial analyst at Lehman Brothers. Mr. Rashid has a B.S. in Electrical Engineering from Carnegie Mellon University and an MBA from Columbia University. Mr. Rashid brings to our board of directors invaluable experience in debt capital markets.

Executive Officers and Certain Other Officers Who Are Not Directors

Robert S. Palmer is the Chief Financial Officer of OFS Capital. Mr. Palmer is also the Managing Director of OFSC's portfolio management and loan recovery group, and has also served as a member of OFSC's credit and investment committees for senior lending.

Prior to joining OFSC in September 2000, Mr. Palmer spent 11 years at First Maryland Bancorp (now M&T Bank), where he was a vice president, and five years at NationsBank Corp. (now Bank of America), where he served as senior vice president/senior credit policy officer. Mr. Palmer holds a B.A. degree from Washington & Lee University and an M.A. from The John Hopkins University School of Advanced International Studies.

Eric P. Rubenfeld is the Chief Compliance Officer of OFS Capital, which he joined in 2010. Mr. Rubenfeld also serves as the general counsel for several affiliated entities of OFS Capital, including OFSC. Mr. Rubenfeld has over 15 years of experience in structuring complex financial transactions. Prior to joining OFS Capital, Mr. Rubenfeld spent four years at GSC Group, most recently serving as the General Counsel and Chief Compliance Officer. From 2004 to 2006, Mr. Rubenfeld was Director and Counsel at Assured Guaranty Corp, where he worked extensively with underwriters and risk managers in structured finance transactions. From 1995 to 2004, he worked as an attorney with a number of leading law firms, including Proskauer Rose, Arnold & Porter and Fried, Frank, Harris, Shriver & Jacobson, culminating in his position as counsel with McKee Nelson LLP. Mr. Rubenfeld has a J.D., cum laude, from Harvard Law School and a B.A. in Economics and History, magna cum laude, from UCLA.

Bei Zhang CPA is the Chief Accounting Officer of OFS Capital. Ms. Zhang also serves as the Chief Accounting Officer and Controller of OFSC.

Prior to joining OFSC in November 2009, Ms. Zhang spent nine years at L J Soldinger Associates, LLC, a certified public accounting firm, the last five years of which she acted as a Senior Audit Manager where she, among other things, supervised and led staff in conducting audit and quarterly reviews of financial statements for publicly traded companies. Ms. Zhang is a licensed Certified Public Accountant with a Masters of Accounting Science from University of Illinois at Urbana-Champaign and a Bachelor of Arts in English from Southeast University in Nanjing City, P.R. China.

Board Committees

Audit Committee

The members of our audit committee are Mr. Abrams, Mr. Cresci and Ms. Healy, each of whom meets the independence standards established by the SEC and Nasdaq for audit committees and is independent for purposes of the 1940 Act. Mr. Abrams serves as chairman of the audit committee. Our board of directors has determined that Mr. Abrams is an "audit committee financial expert" as that term is defined under Item 407 of Regulation S-K of the Exchange Act. The audit committee is responsible for approving our independent accountants, reviewing with our independent accountants the plans and results of the audit engagement, approving professional services provided by our independent accountants, reviewing the independence of our independent accountants and reviewing the adequacy of our internal accounting controls. The audit committee is also responsible for aiding our board of directors in fair value pricing of debt and equity securities that are not publicly traded or for which current market values are not readily available. The board of directors and audit committee will utilize the services of an independent valuation firm to help them determine the fair value of these securities.

Nominating and Corporate Governance Committee

The members of the nominating and corporate governance committee are Mr. Abrams, Mr. Cresci and Ms. Healy, each of whom is independent for purposes of the 1940 Act and the Nasdaq corporate governance regulations. Mr. Cresci serves as chairman of the nominating and corporate governance committee. The nominating and corporate governance committee is responsible for selecting, researching and nominating

directors for election by our stockholders, selecting nominees to fill vacancies on the board or a committee of the board, developing and recommending to the board a set of corporate governance principles and overseeing the evaluation of the board and our management.

The nominating and corporate governance committee will consider nominees to the board of directors recommended by a stockholder, if such stockholder complies with the advance notice provisions of our bylaws. Our bylaws provide that a stockholder who wishes to nominate a person for election as a director at a meeting of stockholders must deliver written notice to our corporate secretary. This notice must contain, as to each nominee, all of the information relating to such person as would be required to be disclosed in a proxy statement meeting the requirements of Regulation 14A under the Exchange Act, and certain other information set forth in the bylaws. In order to be eligible to be a nominee for election as a director by a stockholder, such potential nominee must deliver to our corporate secretary a written questionnaire providing the requested information about the background and qualifications of such person and a written representation and agreement that such person is not and will not become a party to any voting agreements, any agreement or understanding with any person with respect to any compensation or indemnification in connection with service on the board of directors, and would be in compliance with all of our publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines.

Compensation Committee

We do not have a compensation committee because our executive officers do not receive any direct compensation from us. Decisions regarding executive compensation are made by the independent directors on our board.

Compensation of Directors

The following table shows information regarding the compensation expected to be received by our independent directors for the calendar year ending December 31, 2011. No compensation is paid to directors who are "interested persons."

Name	Aggregate Compensation from OFS Capital Corporation(1)	Pension or Retirement Benefits Accrued as Part of Our Expenses(2)	Total Compensation from OFS Capital Corporation Paid to Director
Independent Directors			
Marc Abrams	$ 100,000	—	$ 100,000
Robert J. Cresci	$ 100,000	—	$ 100,000
Elaine E. Healy	$ 90,000	—	$ 90,000
Interested Directors			
Glenn R. Pittson	—	—	—
Bilal Rashid	—	—	—

(1) We are newly organized, and the amounts listed are estimated for the calendar year ending December 31, 2011. For a discussion of the independent directors' compensation, see below.

(2) We do not have a profit-sharing or retirement plan, and directors do not receive any pension or retirement benefits.

The independent directors will receive an annual fee of $90,000. In addition, the chairman of each committee will receive an annual fee of $10,000 for his or her additional services in this capacity. We have obtained directors' and officers' liability insurance on behalf of our directors and officers. Independent directors will have the option of having their directors' fees paid in shares of our common stock issued at a price per share equal to the greater of net asset value or the market price at the time of payment. No compensation is paid to directors who are "interested persons."

Compensation of Executive Officers

None of our officers receives direct compensation from us. Mr. Pittson, our Chief Executive Officer, Mr. Palmer, our Chief Financial Officer, and Mr. Rubenfeld, our Chief Compliance Officer, are paid by OFS Services, subject to reimbursement by us pursuant to the Administration Agreement of the fees paid by OFS Services to OFSC pursuant to a Staffing Agreement for an allocable portion of such compensation for services rendered by such persons to us. To the extent that OFS Services outsources any of its functions under the Administration Agreement or OFSC under the Staffing Agreement, we will pay the fees associated with such functions on a direct basis without profit to OFS Services or OFSC.

Investment Committee

The investment committee of OFS Advisor responsible for our investments will meet regularly to consider our investments, direct our strategic initiatives and supervise the actions taken by OFS Advisor on our behalf. In addition, the investment committee will review and determine whether to make prospective investments identified by OFS Advisor and monitor the performance of our investment portfolio.

Information regarding members of the investment committee is as follows:

Name(1)	Age	Position
Richard S. Ressler	52	Chairman of OFSC's board of directors, Chairman of OFS Advisor's investment committee
Glenn R. Pittson	55	Senior Managing Director of OFSC
Bilal Rashid	40	Senior Managing Director of OFSC
Jeffrey A. Cerny	47	Senior Managing Director of OFSC
Kathi J. Inorio	46	Senior Managing Director of OFSC

(1) The address for each member of the investment committee is c/o OFS Capital Corporation, 2850 West Golf Road, 5th Floor, Rolling Meadows, Illinois 60008.

Members of the Investment Committee Who Are Not Our Directors or Executive Officers

Richard S. Ressler is a Co-Founder and Chairman of the executive committee of OFSAM, serving as Chairman pursuant to a consulting agreement between OFSAM and Orchard Capital. Mr. Ressler is the founder and President of Orchard Capital, a firm that provides investment capital and advice to companies (including OFSAM) in which Orchard Capital or its affiliates invest. He has been President of Orchard Capital since 1994. Mr. Ressler is a Co-Founder and Principal of CIM Group, Inc., a real estate investment and management company. In addition, Mr. Ressler is Chairman of the Board of Directors of j2 Global Communications, Inc., a communications company. Mr. Ressler also serves as a board member for various private companies.

Prior to founding Orchard Capital, from 1988 until 1994, Mr. Ressler served as vice chairman of Brooke Group Limited, the predecessor of Vector Group Ltd. ("VGR"), and in various capacities at VGR and its subsidiaries, including acting chief executive officer of Skybox, a leading trading card manufacturer, co-chief executive officer of Liggett & Myers Tobacco Company, chairman of Liggett Ducat, J.S.C. (VGR's cigarette manufacturing company in Russia), president of Brooke Overseas Limited (a real estate subsidiary of VGR in Russia) and director of New Valley Corporation (the holding company of Western Union). Prior to that, Mr. Ressler was with Drexel Burnham Lambert, Inc., where he focused on merger and acquisition transactions and the financing needs of middle-market companies. Mr. Ressler began his career in 1983 with Cravath, Swaine and Moore, working on public offerings, private placements, and merger and acquisition transactions. Mr. Ressler holds a B.A. from Brown University, and J.D. and MBA degrees from Columbia University.

Jeffrey A. Cerny is the Senior Managing Director of OFSC, where he serves as the Chairman of the credit committee and sits on the investment and executive committees. He oversees compliance with all credit policies

as well as the credit evaluation, credit monitoring, troubled credit and loan administration functions. He also manages the firm's liabilities and is responsible for negotiating and structuring funding vehicles.

Prior to joining OFSC in 1999, Mr. Cerny held various positions at Sanwa Business Credit Corporation, American National Bank and Trust Company of Chicago and Charter Bank Group, a multi-bank holding company. Mr. Cerny holds a B.S. in Finance from Northern Illinois University, a Masters of Management in Finance and Economics from Northwestern University's J.L. Kellogg School of Management, and a J.D. from DePaul University's School of Law.

Kathi J. Inorio joined OFSC in 1998 and is the head of OFSC's origination and underwriting group. She is responsible for all origination and underwriting and sits on the credit, investment and executive committees.

Prior to joining OFSC, Ms. Inorio was a vice president in the corporate finance group at Heller Financial, Inc. Ms. Inorio was responsible for underwriting, negotiating and closing new business transactions as well as portfolio management of middle-market senior cash flow loans. Ms. Inorio began her career with KPMG LLP, where she was responsible for supervising manufacturing company and real estate audits. Ms. Inorio holds a B.S. in Accounting with a minor in Business Administration from Illinois State University, and is a Certified Public Accountant.

Portfolio Management

Each investment opportunity will require the approval of the investment committee. Follow-on investments in existing portfolio companies may require the investment committee's approval beyond that obtained when the initial investment in the company was made. The day-to-day management of investments approved by the investment committee will be overseen by Richard Ressler, Glenn Pittson, Bilal Rashid, Jeffrey Cerny and Kathi Inorio. Biographical information with respect to each of these individuals is set out under "—Biographical Information."

Each of Richard Ressler, Glenn Pittson, Bilal Rashid, Jeffrey Cerny and Kathi Inorio has ownership and financial interests in, and may receive compensation and/or profit distributions from, OFS Advisor. None of these individuals receives any direct compensation from us. As of the consummation of the offering, Richard Ressler, Glenn Pittson, Bilal Rashid, Jeffrey Cerny and Kathi Inorio will beneficially own , , , and shares, respectively, of our common stock. See "Control Persons and Principal Stockholders" for additional information about equity interests held by each of these individuals.

These individuals are also primarily responsible for the day-to-day management of other pooled investment vehicles and other accounts in which their affiliates receive incentive fees, with a total amount of $ and $ assets under management. See "Related-Party Transactions and Certain Relationships" for a description of OFS Advisor's allocation policy governing allocations of investments among us and other investment vehicles with similar or overlapping strategies, as well as a description of certain other relationships between us and OFS Advisor.

MANAGEMENT AND OTHER AGREEMENTS

OFS Advisor is located at 2850 West Golf Road, 5th Floor, Rolling Meadows, Illinois 60008. OFS Advisor is registered as an investment adviser under the Advisers Act. OFS Advisor is a wholly owned subsidiary of OFSAM. Subject to the overall supervision of our board of directors and in accordance with the 1940 Act, OFS Advisor will manage our day-to-day operations and provide investment advisory services to us. Under the terms of the Investment Advisory Agreement, OFS Advisor will:

- determine the composition of our portfolio, the nature and timing of the changes to our portfolio and the manner of implementing such changes;
- assist us in determining what securities we purchase, retain or sell;
- identify, evaluate and negotiate the structure of the investments we make (including performing due diligence on our prospective portfolio companies); and
- execute, close, service and monitor the investments we make.

Certain personnel of OFS will conduct activities on our behalf directly through, and under the supervision of, OFS Advisor. OFS Advisor's services under the Investment Advisory Agreement are not exclusive. Pursuant to a Staffing Agreement between OFSC and OFS Advisor, OFSC has agreed to provide OFS Advisor with the resources to fulfill its obligations under the Investment Advisory Agreement. These resources include staffing by experienced investment professionals and access to the senior investment personnel of OFSC, pursuant to which each member of OFS Advisor's investment committee has committed to serve in such capacity (including Mr. Ressler, who is currently the Chairman of the investment committee). These personnel services will be provided under the Staffing Agreement on a direct cost reimbursement basis to OFS Advisor.

Investment Advisory Agreement

Management and Incentive Fee

Pursuant to the Investment Advisory Agreement with OFS Advisor and subject to the overall supervision of our board of directors and in accordance with the 1940 Act, OFS Advisor provides investment advisory services to us. For providing these services, OFS Advisor receives a fee from us, consisting of two components—a base management fee and an incentive fee. The base management fee is calculated at an annual rate of % based on the average value of our total assets (other than cash and cash equivalents but including assets purchased with borrowed amounts and including any assets owned by our SBIC subsidiary) at the end of the two most recently completed calendar quarters. The base management fee is payable quarterly in arrears.

The incentive fee has two parts. One part is calculated and payable quarterly in arrears based on our pre-incentive fee net investment income for the quarter. "Pre-incentive fee net investment income" means interest income, dividend income and any other income (including any other fees such as commitment, origination and sourcing, structuring, diligence and consulting fees or other fees that we receive from portfolio companies but excluding fees for providing managerial assistance) accrued during the calendar quarter, minus operating expenses for the quarter (including the base management fee, any expenses payable under the Administration Agreement and any interest expense and dividends paid on any outstanding preferred stock, but excluding the incentive fee). Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature (such as OID, debt instruments with PIK interest and zero coupon securities), accrued income that we have not yet received in cash.

Pre-incentive fee net investment income does not include any realized gains, realized losses, unrealized capital appreciation or unrealized capital depreciation. Because of the structure of the incentive fee, it is possible that we may pay an incentive fee in a quarter where we incur a loss. For example, if we receive pre-incentive fee net investment income in excess of the hurdle rate (as defined below) for a quarter, we will pay the applicable

incentive fee even if we have incurred a loss in that quarter due to realized capital losses and unrealized capital depreciation.

Pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets (defined as total assets less indebtedness and before taking into account any incentive fees payable during the period) at the end of the immediately preceding calendar quarter, is compared to a fixed "hurdle rate" of % per quarter. If market interest rates rise, we may be able to invest our funds in debt instruments that provide for a higher return, which would increase our pre-incentive fee net investment income and make it easier for OFS Advisor to surpass the fixed hurdle rate and receive an incentive fee based on such net investment income. There is no accumulation of amounts on the hurdle rate from quarter to quarter and accordingly there is no clawback of amounts previously paid if subsequent quarters are below the quarterly hurdle rate and there is no delay of payment if prior quarters are below the quarterly hurdle rate. Our pre-incentive fee net investment income used to calculate this part of the incentive fee is also included in the amount of our total assets (other than cash and cash equivalents but including assets purchased with borrowed amounts and including any assets owned by our SBIC subsidiary) used to calculate the % base management fee.

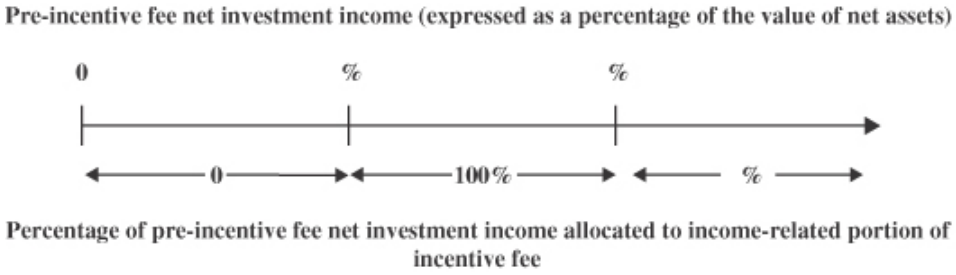
The foregoing incentive fee is subject to a cumulative total return requirement, which provides that no incentive fee in respect of our pre-incentive fee net investment income will be payable except to the extent % of the cumulative net increase in net assets resulting from operations over the then current and preceding quarters exceeds the cumulative income-related portion of our incentive fees accrued and/or paid for the preceding quarters. For the foregoing purpose, the "cumulative net increase in net assets resulting from operations" is the amount, if positive, of the sum of our pre-incentive fee net investment income, base management fees, realized gains, realized losses and unrealized capital depreciation for the then current and preceding calendar quarters.

We pay OFS Advisor an incentive fee with respect to our pre-incentive fee net investment income in each calendar quarter as follows:

- no incentive fee in any calendar quarter in which the pre-incentive fee net investment income does not exceed the hurdle rate;
- 100% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than % in any calendar quarter. We refer to this portion of our pre-incentive fee net investment income (which exceeds the hurdle rate but is less than %) as the "catch-up" provision. The catch-up is meant to provide OFS Advisor with % of the pre-incentive fee net investment income as if a hurdle rate did not apply if this pre-incentive fee net investment income exceeds % in any calendar quarter; and
- % of the amount of our pre-incentive fee net investment income, if any, that exceeds % in any calendar quarter.

The following is a graphical representation of the calculation of the income-related portion of the incentive fee:

Quarterly Incentive Fee Based on Net Investment Income



These calculations will be appropriately prorated for any period of less than three months and adjusted for any share issuances or repurchases during the current quarter.

The second part of the incentive fee (the "Capital Gains Fee") is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement, as of the termination date) and is calculated at the end of each applicable year by subtracting (a) the sum of our cumulative aggregate realized capital losses and our aggregate unrealized capital depreciation from (b) our cumulative aggregate realized capital gains. If such amount is positive at the end of such year, then the Capital Gains Fee for such year is equal to % of such amount, less the aggregate amount of Capital Gains Fees paid in all prior years. If such amount is negative, then there is no Capital Gains Fee for such year.

The cumulative aggregate realized capital gains are calculated as the sum of the differences, if positive, between (a) the net sales price of each investment in our portfolio when sold and (b) the accreted or amortized cost basis of such investment.

The cumulative aggregate realized capital losses are calculated as the sum of the amounts by which (a) the net sales price of each investment in our portfolio when sold is less than (b) the accreted or amortized cost basis of such investment.

The aggregate unrealized capital depreciation is calculated as the sum of the differences, if negative, between (a) the valuation of each investment in our portfolio as of the applicable Capital Gains Fee calculation date and (b) the accreted or amortized cost basis of such investment.

Examples of Incentive Fee Calculation

Example 1—Income Related Portion of Incentive Fee:

Assumptions

- Hurdle rate(1) = %
- Management fee(2) = %
- Other estimated expenses (legal, accounting, custodian, transfer agent, etc.)(3) = %

(1) Represents a quarter of the % annualized hurdle rate.

(2) Represents a quarter of the % annualized management fee.

(3) Excludes estimated offering expenses.

Alternative 1

Additional Assumptions

- Investment income (including interest, dividends, fees, etc.) = %
- Pre-incentive fee net investment income (investment income - (management fee + other expenses)) = %

Pre-incentive fee net investment income does not exceed the hurdle rate, therefore there is no incentive fee.

Alternative 2

Additional Assumptions

- Investment income (including interest, dividends, fees, etc.) = %

- Pre-incentive fee net investment income (investment income - (management fee + other expenses)) = %

Pre-incentive fee net investment income exceeds hurdle rate, therefore there is an incentive fee.

Incentive Fee = 100% × "Catch-Up" + the greater of 0% **AND** (% × (pre-incentive fee net investment income – %))
= (100% × (%) - %)) + 0%
= 100% × %
= %

Alternative 3

Additional Assumptions

- Investment income (including interest, dividends, fees, etc.) = %
- Pre-incentive fee net investment income (investment income - (management fee + other expenses)) = %

Pre-incentive fee net investment income exceeds hurdle rate, therefore there is an incentive fee.

Incentive Fee = 100% × "Catch-Up" + the greater of 0% **AND** (% × (pre-incentive fee net investment income – %))
= (100% × (% - %)) + (% × (% - %))
= % + (% × %)
= % + %
= %

Example 2—Income-Related Portion of Incentive Fee with Total Return Requirement Calculation:

Assumptions

- Hurdle rate (1) = %
- Management fee (2) = %
- Other expenses (legal, accounting, transfer agent, etc.) (3) = %
- Cumulative income-related portion of incentive compensation accrued and/or paid for preceding calendar quarters =

(1) Represents a quarter of the % annualized hurdle rate.

(2) Represents a quarter of the % annualized management fee.

(3) Excludes estimated offering expenses.

Alternative 1

Additional Assumptions

- Investment income (including interest, dividends, fees, etc.) = %
- Pre-incentive fee net investment income (investment income – (management fee + other expenses)) = %
- % of cumulative net increase in net assets resulting from operations over current and preceding calendar quarters = $

Although the pre-incentive fee net investment income exceeds the hurdle rate of % (as shown in Alternative 3 of Example 1 above), no incentive fee is payable because % of the cumulative net increase in net assets resulting from operations over the then current and preceding calendar quarters did not exceed the cumulative income and capital gains incentive fees accrued and/or paid for the preceding calendar quarters.

Alternative 2

Additional Assumptions

- Investment Income (including interest, dividends, fees, etc.) = %
- Pre-incentive fee net investment income (investment income – (management fee + other expenses)) = %
- % of cumulative net increase in net assets resulting from operations over current and preceding calendar quarters =

Because the pre-incentive fee net investment income exceeds the hurdle rate of % and because % of the cumulative net increase in net assets resulting from operations over the then current and preceding calendar quarters exceeds the cumulative income and capital gains incentive fees accrued and/or paid for the preceding calendar quarters, an incentive fee would be payable, as shown in Alternative 3 of Example 1 above.

Example 3—Capital Gains Portion of Incentive Fee:

Alternative 1

Assumptions

- Year 1: $20 million investment made in Company A (“Investment A”), and $30 million investment made in Company B (“Investment B”)
- Year 2: Investment A is sold for $50 million and fair market value (“FMV”) of Investment B determined to be $32 million
- Year 3: FMV of Investment B determined to be $25 million
- Year 4: Investment B sold for $31 million

The capital gains portion of the incentive fee, if any, would be:

- Year 1: None (no sales transactions)
- Year 2: $ million (% multiplied by $30 million realized capital gains on sale of Investment A)
- Year 3: ; $ million (% multiplied by $30 million cumulative realized capital gains less $5 million cumulative unrealized capital depreciation) less $ million (Capital Gains Fee paid in Year 2)
- Year 4: $; $ million (% multiplied by $31 million cumulative realized capital gains) less $ million (Capital Gains Fee paid in Year 2)

Alternative 2

Assumptions

- Year 1: $20 million investment made in Company A (“Investment A”), $30 million investment made in Company B (“Investment B”) and $25 million investment made in Company C (“Investment C”)
- Year 2: Investment A sold for $50 million, FMV of Investment B determined to be $25 million and FMV of Investment C determined to be $25 million

- Year 3: FMV of Investment B determined to be $27 million and Investment C sold for $30 million
- Year 4: FMV of Investment B determined to be $35 million
- Year 5: Investment B sold for $20 million

The capital gains portion of the incentive fee, if any, would be:

- Year 1: None (no sales transactions)
- Year 2: $ million (% multiplied by $30 million realized capital gains on Investment A less $5 million unrealized capital depreciation on Investment B)
- Year 3: $ million; $ million (% multiplied by $32 million ($35 million cumulative realized capital gains on Investment A and Investment C less $3 million cumulative unrealized capital depreciation on Investment B)) less $ million (Capital Gains Fee paid in Year 2)
- Year 4: $ million; $ million (% multiplied by $35 million (cumulative realized capital gains on Investment A and Investment C)) less $ million (cumulative Capital Gains Fee paid in all prior years)
- Year 5: ; $ million (% multiplied by $25 million ($35 million cumulative realized capital gains on Investments A and C less $10 million realized capital losses on Investment B)) less $ million (cumulative Capital Gains Fee paid in all prior years))

Payment of Our Expenses

All investment professionals of OFS Advisor and/or its affiliates, when and to the extent engaged in providing investment advisory services to us, and the compensation and routine overhead expenses of personnel allocable to these services to us, will be provided and paid for by OFS Advisor and not by us. We will bear all other out-of-pocket costs and expenses of our operations and transactions, including, without limitation, those relating to:

- organization of the company;
- calculating our net asset value (including the cost and expenses of any independent valuation firm);
- fees and expenses incurred by OFS Advisor payable to third parties, including agents, consultants or other advisors, in monitoring financial and legal affairs for us and in monitoring our investments and performing due diligence on our prospective portfolio companies or otherwise relating to, or associated with, evaluating and making investments;
- interest payable on debt, if any, incurred to finance our investments;
- sales and purchases of our common stock and other securities;
- distributions on our common stock and other securities;
- investment advisory and management fees (including in respect of our SBIC subsidiary's operations);
- administration fees and expenses, if any, payable under the Administration Agreement (including payments under the Administration Agreement between us and OFS Services based upon our allocable portion of OFS Services' overhead in performing its obligations under the Administration Agreement, including rent, necessary software licenses and subscriptions and the allocable portion of the cost of our officers, including a chief executive officer, chief financial officer, chief compliance officer, chief accounting officer, if any, and their respective staffs);
- the allocated costs incurred by OFS Services as administrator in providing managerial assistance to those portfolio companies that request it;
- transfer agent, dividend paying and reinvestment agent and custodial fees and expenses;

- federal and state registration fees;
- all costs of registration and listing our shares on any securities exchange;
- federal, state and local taxes;
- independent directors' fees and expenses;
- costs of preparing and filing reports or other documents required by the SEC or other regulators;
- costs of any reports, proxy statements or other notices to stockholders, including printing costs;
- our allocable portion of any fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- indemnification payments;
- direct costs and expenses of administration, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs;
- proxy voting expenses; and
- all other expenses incurred by us or OFS Services in connection with administering our business.

Duration and Termination

Unless terminated earlier as described below, the Investment Advisory Agreement will continue in effect for a period of two years from its effective date. It will remain in effect from year to year thereafter if approved annually by our board of directors or by the affirmative vote of the holders of a majority of our outstanding voting securities, and, in either case, if also approved by a majority of our directors who are not "interested persons." The Investment Advisory Agreement automatically terminates in the event of its assignment, as defined in the 1940 Act, by OFS Advisor and may be terminated by either party without penalty upon not less than 60 days' written notice to the other. The holders of a majority of our outstanding voting securities may also terminate the Investment Advisory Agreement without penalty upon not less than 60 days' written notice. See "Risk Factors—Risks Relating to our Business and Structure—We are dependent upon the OFS senior professionals for our future success and upon their access to the investment professionals and partners of OFS and its affiliates."

Indemnification

The Investment Advisory Agreement provides that OFS Advisor and its affiliates and its and its affiliates' respective officers, directors, members, managers, stockholders and employees are entitled to indemnification from us from and against any claims or liabilities, including reasonable legal fees and other expenses reasonably incurred, arising out of or in connection with our business and operations or any action taken or omitted on our behalf pursuant to authority granted by the Investment Advisory Agreement, except where attributable to willful misfeasance, bad faith or gross negligence in the performance of such person's duties, or reckless disregard of such person's obligations and duties under the Investment Advisory Agreement.

Board Approval of the Investment Advisory Agreement

Our board, including our independent directors, approved the Investment Advisory Agreement at its first meeting, held on , 2011. A discussion regarding the basis for our board of directors' approval of our Investment Advisory Agreement will be included in our first periodic report under the Exchange Act filed subsequent to completion of this offering.

Administration Agreement

Pursuant to an Administration Agreement, OFS Services will furnish us with office facilities and equipment, necessary software licenses and subscriptions and clerical, bookkeeping and record keeping services at such

facilities. Under the Administration Agreement, OFS Services will perform, or oversee the performance of, our required administrative services, which include being responsible for the financial records that we are required to maintain and preparing reports to our stockholders and all other reports and materials required to be filed with the SEC or any other regulatory authority. In addition, OFS Services will assist us in determining and publishing our net asset value, oversee the preparation and filing of our tax returns and the printing and dissemination of reports to our stockholders, and generally oversee the payment of our expenses and the performance of administrative and professional services rendered to us by others. Under the Administration Agreement, OFS Services will also provide managerial assistance on our behalf to those portfolio companies that have accepted our offer to provide such assistance. Payments under the Administration Agreement will be equal to an amount based upon our allocable portion (subject to the review and approval of our board of directors) of OFS Services' overhead in performing its obligations under the Administration Agreement, including rent and our allocable portion of the cost of our officers, including our chief executive officer, chief financial officer, chief compliance officer, chief accounting officer, if any, and their respective staffs. The Administration Agreement will have an initial term of two years and may be renewed with the approval of our board of directors, including a majority of our directors who are not "interested persons." The Administration Agreement may be terminated by either party without penalty upon 60 days' written notice to the other party. To the extent that OFS Services outsources any of its functions we will pay the fees associated with such functions on a direct basis without profit to OFS Services.

Indemnification

The Administration Agreement provides that OFS Services and its affiliates' respective officers, directors, members, managers, stockholders and employees are entitled to indemnification from us from and against any claims or liabilities, including reasonable legal fees and other expenses reasonably incurred, arising out of or in connection with our business and operations or any action taken or omitted on our behalf pursuant to authority granted by the Administration Agreement, except where attributable to willful misfeasance, bad faith or gross negligence in the performance of such person's duties or reckless disregard of such person's obligations and duties under the Administration Agreement.

License Agreement

We have entered into a license agreement with OFSAM under which OFSAM has agreed to grant us a non-exclusive, royalty-free license to use the name "OFS." Under this agreement, we will have a right to use the "OFS" name for so long as OFS Advisor or one of its affiliates remains our investment adviser. Other than with respect to this limited license, we will have no legal right to the "OFS" name. This license agreement will remain in effect for so long as the Investment Advisory Agreement with OFS Advisor is in effect.

Staffing Agreement

We do not have any internal management capacity or employees. We will depend on the diligence, skill and network of business contacts of the OFS senior professionals to achieve our investment objective. OFS Advisor is a subsidiary of OFSAM and will depend upon access to the investment professionals and other resources of OFSAM and its affiliates to fulfill its obligations to us under the Investment Advisory Agreement. OFS Advisor will also depend upon OFSAM to obtain access to deal flow generated by the professionals of OFSAM and its affiliates. Under a Staffing Agreement between OFSC and OFS Advisor, OFSC has agreed to provide OFS Advisor with the resources necessary to fulfill these obligations. The Staffing Agreement provides that OFSC will make available to OFS Advisor experienced investment professionals and access to the senior investment personnel of OFSC for purposes of evaluating, negotiating, structuring, closing and monitoring our investments. The Staffing Agreement also includes a commitment that the members of OFS Advisor's investment committee will serve in such capacity (including Mr. Ressler, who is currently the Chairman of the investment committee). The Staffing Agreement will have an initial term of two years and will be renewable thereafter on an annual basis. Services under the Staffing Agreement will be provided to OFS Advisor on a direct cost reimbursement basis, and such fees will not be our obligation.

RELATED-PARTY TRANSACTIONS AND CERTAIN RELATIONSHIPS

We have entered into agreements with OFS Advisor in which our senior management and members of the investment committee have ownership and financial interests. Members of our senior management and members of the investment committee also serve as principals of other investment managers affiliated with OFSAM and its other affiliates that do and may in the future manage investment funds, accounts or other investment vehicles with investment objectives similar to ours. In addition, our executive officers and directors, the personnel of OFS Advisor and members of the investment committee serve or may serve as officers, directors or principals of entities that operate in the same, or related, line of business as we do or of investment funds, accounts or other investment vehicles managed by OFSAM or its other affiliates. These investment funds, accounts or other investment vehicles may have investment objectives similar to our investment objective. As a result, we may not be given the opportunity to participate in certain investments made by investment funds, accounts or other investment vehicles managed by OFSAM and its other affiliates or by members of the investment committee. However, in order to fulfill its fiduciary duties to each of its clients, OFS Advisor intends to allocate investment opportunities in a manner that is fair and equitable over time and is consistent with OFS Advisor's allocation policy, investment objective and strategies so that we are not disadvantaged in relation to any other client. See "Risk Factors—Risks Relating to Our Business and Structure—We have potential conflicts of interest related to obligations that OFS Advisor or its affiliates may have to other clients."

OFS Advisor and its other affiliates will have both subjective and objective procedures and policies in place and designed to manage the potential conflicts of interest between OFS Advisor's fiduciary obligations to us and its similar fiduciary obligations to other clients. For example, such policies and procedures will be designed to ensure that investment opportunities are allocated in a fair and equitable manner among us and OFS Advisor's other clients. An investment opportunity that is suitable for multiple clients of OFS Advisor and its other affiliates may not be capable of being shared among some or all of such clients and affiliates due to the limited scale of the opportunity or other factors, including regulatory restrictions imposed by the 1940 Act. There can be no assurance that OFS Advisor's or its other affiliates' efforts to allocate any particular investment opportunity fairly and equitably among all clients for whom such opportunity is appropriate will result in an allocation of all or part of such opportunity to us. Not all conflicts of interest can be expected to be resolved in our favor.

Under OFS Advisor's allocation policy, if two or more investment vehicles with similar or overlapping investment strategies are in their investment periods, an available opportunity will be allocated based on the provisions governing allocations of such investment opportunities in the relevant organizational, offering or similar documents, if any, for such investment vehicles. In the absence of any such provisions, OFS Advisor will consider the following factors and the weight that should be given with respect to each of these factors:

- investment guidelines and/or restrictions, if any, set forth in the applicable organizational, offering or similar documents for the investment vehicles;
- risk and return profile of the investment vehicles;
- suitability/priority of a particular investment for the investment vehicles;
- if applicable, the targeted position size of the investment for the investment vehicles;
- level of available cash for investment with respect to the investment vehicles;
- total amount of funds committed to the investment vehicles; and
- the age of the investment vehicles and the remaining term of their respective investment periods, if any.

In situations where co-investment with such other accounts is not permitted or appropriate, such as when there is an opportunity to invest in different securities of the same issuer, OFS Advisor will need to decide which account will proceed with the investment. The decision by OFS Advisor to allocate an opportunity to another entity could cause us to forego an investment opportunity that we otherwise would have made.

We have in the past and expect in the future to co-invest on a concurrent basis with OFSAM and its other affiliates, unless doing so is impermissible with existing regulatory guidance, applicable regulations and OFS Advisor's allocation policy. Certain types of negotiated co-investments may be made only if we receive an order from the SEC permitting us to do so. There can be no assurance that we will obtain any such order. See "Regulation." We and OFS Advisor intend to submit an exemptive application to the SEC to permit greater flexibility to negotiate the terms of co-investments under the circumstances where our board of directors determines that it would be advantageous for us to co-invest with other funds managed by OFSAM or its other affiliates in a manner consistent with our investment objectives, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors.

Our senior management, members of the investment committee and other investment professionals from OFSAM or its other affiliates may serve as directors of, or in a similar capacity with, companies in which we invest or in which we are considering making an investment. Through these and other relationships with a company, these individuals may obtain material non-public information that might restrict our ability to buy or sell the securities of such company under the policies of the company or applicable law.

We have entered into an Investment Advisory Agreement with OFS Advisor and will pay OFS Advisor a management fee and incentive fee. The incentive fee will be computed and paid on income that we may not have yet received in cash. This fee structure may create an incentive for OFS Advisor to invest in certain types of securities. Additionally, we rely on investment professionals from OFS Advisor to assist our board of directors with the valuation of our portfolio investments. OFS Advisor's management fee and incentive fee are based on the value of our investments and there may be a conflict of interest when personnel of OFS Advisor are involved in the valuation process for our portfolio investments.

We have entered into a license agreement with OFSAM under which OFSAM has agreed to grant us a non-exclusive, royalty-free license to use the name "OFS."

We have entered into an Administration Agreement, pursuant to which OFS Services furnishes us with office facilities, equipment, necessary software licenses and subscriptions and clerical, bookkeeping and record keeping services at such facilities. Under our Administration Agreement, OFS Services performs, or oversees the performance of, our required administrative services, which include, among other things, being responsible for the financial records which we are required to maintain and preparing reports to our stockholders and all other reports and materials required to be filed with the SEC or any other regulatory authority.

OFS Advisor is an affiliate of OFSC, with which it has entered into the Staffing Agreement. Under this agreement OFSC will make available to OFS Advisor experienced investment professionals and access to the senior investment personnel and other resources of OFSC and its affiliates. The Staffing Agreement should provide OFS Advisor with access to deal flow generated by the professionals of OFSC and its affiliates and commits the members of OFS Advisor's investment committee to serve in that capacity (including Mr. Ressler, who is currently the Chairman of the investment committee). OFS Advisor intends to capitalize on the significant deal origination and sourcing, credit underwriting, due diligence, investment structuring, execution, portfolio management and monitoring experience of OFSC's investment professionals.

On December 31, 2009, we distributed to OFSAM assets and operations that we determined were inconsistent with our strategy. Since December 31, 2009, we have undertaken or determined to undertake certain additional steps to further our strategy. At the OFS Capital WM Closing, we sold a substantial portion of our loan portfolio, transferred to us by OFS Funding, to OFS Capital WM in exchange for all the equity interests in OFS Capital WM and the OFS Capital WM Cash Consideration. Our transfer of the OFS Capital WM Cash Consideration plus the OFSAM Cash Contribution to OFS Funding allowed OFS Funding to repay the outstanding loan balance under the Old Credit Facility after it had applied net proceeds from the sale of three loans to pay down a portion thereof. In addition, concurrently with the OFS Capital WM Transaction, we distributed to OFSAM a substantial portion of our remaining loan portfolio transferred to us by OFS Funding and

certain of our equity investments. We determined to make these distributions to eliminate certain potential conflicts of interest that might arise due to the fact that we and an affiliated fund both had investments in these portfolio companies.

CONTROL PERSONS AND PRINCIPAL STOCKHOLDERS

Immediately prior to the completion of this offering there will be shares of common stock issued and outstanding and one stockholder of record, OFSAM. The following table sets out certain ownership information with respect to our common stock for those persons who directly or indirectly own, control or hold with the power to vote 5% or more of our outstanding common stock and all officers and directors as a group.

		Percentage of Common Stock Outstanding			
		Immediately Prior to This Offering		Immediately After This Offering	
Name and Address(1)	Type of Ownership	Shares Owned	Percentage	Shares Owned	Percentage
Orchard First Source Asset Management, LLC	Record and beneficial		100%		
Richard Ressler(2)	Beneficial				
Glenn Pittson(2)	Beneficial				
Jeffrey Cerny(2)	Beneficial				
Kathi Inorio(2)	Beneficial				
Bilal Rashid(2)	Beneficial				
All officers and directors as a group (persons)	Beneficial				

(1) The address of each stockholder listed in the table above is c/o OFS Capital, LLC, 2850 West Golf Road, 5th Floor, Rolling Meadows, Illinois 60008.

(2) Each such stockholder has a beneficial interest in shares of our common stock through his or her direct and/or indirect equity ownership in OFSAM, our parent company prior to the completion of this offering.

The following table sets out the dollar range of our equity securities beneficially owned by each of our directors following the completion of the offering. We are not part of a "family of investment companies," as that term is defined in the 1940 Act.

Name of Director	Dollar Range of Equity Securities in OFS Capital, LLC(1)
Independent Directors	
Marc Abrams	none
Robert J. Cresci	none
Elaine E. Healy	none
Interested Directors	
Glenn R. Pittson	Over $100,000
Bilal Rashid	Over $100,000

(1) Dollar ranges are as follows: none, $1 – $10,000, $10,001 – $50,000, $50,001 – $100,000, or over $100,000.

DETERMINATION OF NET ASSET VALUE

The net asset value per share of our outstanding shares of common stock will be determined quarterly by dividing the value of total assets minus liabilities by the total number of shares outstanding. We will calculate the value of our total assets in accordance with the following procedures.

Investments for which sufficient market quotations are readily available will be valued at such market quotations. We may also obtain indicative prices with respect to certain of our investments from pricing services or brokers or dealers in order to value such investments. We expect that there will not be a readily available market value for many of our investments; those debt and equity securities that are not publicly traded or whose market prices are not readily available are valued at fair value as determined in good faith by the board of directors. We expect to value such investments at fair value as determined in good faith by our board of directors using a documented valuation policy and a consistently applied valuation process. We expect that our valuation of each asset for which sufficient market quotations are not readily available will be reviewed by one or more independent third-party valuation firms at least once every 12 months.

Prior to this offering, we were not required to apply fair value accounting in accordance with the principles of FAS 157 (ASC Topic 820). Accordingly, loans or other debt investments were carried at cost on our balance sheet. In conjunction with our election to be treated as a business development company, under FAS 157 (ASC Topic 820) we will report our investments at fair value with changes in value reported through our income statement under the caption “unrealized appreciation (depreciation) on investments.” FAS 157 (ASC Topic 820) requires us to assume that the portfolio investment is assumed to be sold in the principal market to market participants, or in the absence of a principal market, the most advantageous market, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact. In accordance with FAS 157 (ASC Topic 820), the market in which we can exit portfolio investments with the greatest volume and level activity will be considered our principal market.

Our board of directors is ultimately and solely responsible for determining in good faith the fair value of the portfolio investments that are not publicly traded, whose market prices are not readily available on a quarterly basis or any other situation where portfolio investments require a fair value determination.

With respect to investments for which sufficient market quotations are not readily available or for which no or an insufficient number of indicative prices from pricing services or brokers or dealers have been received, our board of directors will undertake, on a quarterly basis, unless otherwise noted, a multi-step valuation process, as described below:

- For each such investment, a basic credit rating process will be completed. Every credit rating will be reviewed and either reaffirmed or revised by the investment committee. This process, along with comparisons to similar assets in the market based on, among other things, third-party credit ratings, will establish base information for the quarterly valuation process.
- As it relates to our equity investment in OFS Capital WM, we anticipate that a review of the credit rating, cash flow and maturity profile of the underlying assets owned by OFS Capital WM will be completed. In addition, we anticipate that the review will also consider the liability structure of OFS Capital WM, including the amount of leverage, financing costs and other expenses.
- Each portfolio company or investment will additionally be valued by the investment professionals responsible for the credit monitoring.
- Preliminary valuation conclusions will then be documented and discussed with individual members of the investment committee.
- The preliminary valuations will then be submitted to the investment committee for ratification.

- Third-party valuation firm(s) will be engaged to provide valuation services as requested, by reviewing the investment committee's preliminary valuations. The investment committee's preliminary fair value conclusions on each asset for which sufficient market quotations are not readily available will be reviewed and assessed by a third-party valuation firm at least once in every 12-month period, and more often as determined by our board of directors. Such valuation assessment may be in the form of positive assurance, range of values or other valuation method based on the discretion of our board of directors.
- Our board of directors will discuss valuations and determine the fair value of each investment in the portfolio in good faith based on the input of OFS Advisor and, where appropriate, the respective independent valuation firms.

The types of factors that we may take into account in fair value pricing our investments include, as relevant, the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business, comparison to publicly traded securities and other relevant factors.

Determination of fair value involves subjective judgments and estimates. Accordingly, the notes to our financial statements will express the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on our financial statements.

DIVIDEND REINVESTMENT PLAN

We have adopted a dividend reinvestment plan that provides for reinvestment of our dividends and other distributions on behalf of our stockholders, unless a stockholder elects to receive cash as provided below. As a result, if our board of directors authorizes, and we declare, a cash dividend or other distribution, then our stockholders who have not "opted out" of our dividend reinvestment plan will have their cash distribution automatically reinvested in additional shares of our common stock, rather than receiving the cash distribution.

No action is required on the part of a registered stockholder to have their cash dividend or other distribution reinvested in shares of our common stock. A registered stockholder may elect to receive an entire distribution in cash by notifying American Stock Transfer & Trust Company, LLC, the plan administrator and our transfer agent and registrar, in writing so that such notice is received by the plan administrator no later than 10 days prior to the record date for distributions to stockholders. The plan administrator will set up an account for shares acquired through the plan for each stockholder who has not elected to receive dividends or other distributions in cash and hold such shares in non-certificated form. Upon request by a stockholder participating in the plan, received in writing not less than 10 days prior to the record date, the plan administrator will, instead of crediting shares to the participant's account, issue a certificate registered in the participant's name for the number of whole shares of our common stock and a check for any fractional share.

Those stockholders whose shares are held by a broker or other financial intermediary may receive dividends and other distributions in cash by notifying their broker or other financial intermediary of their election.

We intend to use primarily newly issued shares to implement the plan, whether our shares are trading at a premium or at a discount to net asset value. However, we reserve the right to direct the plan administrator to purchase shares in the open market in connection with our implementation of the plan. The number of shares to be issued to a stockholder is determined by dividing the total dollar amount of the distribution payable to such stockholder by the market price per share of our common stock at the close of regular trading on The Nasdaq Global Market on the valuation date for such distribution. Market price per share on that date will be the closing price for such shares on The Nasdaq Global Market or, if no sale is reported for such day, at the average of their reported bid and asked prices. The number of shares of our common stock to be outstanding after giving effect to payment of the dividend or other distribution cannot be established until the value per share at which additional shares will be issued has been determined and elections of our stockholders have been tabulated.

There will be no brokerage charges or other charges to stockholders who participate in the plan. The plan administrator's fees will be paid by us. If a participant elects by written notice to the plan administrator to have the plan administrator sell part or all of the shares held by the plan administrator in the participant's account and remit the proceeds to the participant, the plan administrator is authorized to deduct a $15.00 transaction fee plus a $0.10 per share brokerage commission from the proceeds.

Stockholders who receive dividends and other distributions in the form of stock are subject to the same U.S. federal tax consequences as are stockholders who elect to receive their distributions in cash; however, since their cash dividends will be reinvested, such stockholders will not receive cash with which to pay any applicable taxes on reinvested dividends. A stockholder's basis for determining gain or loss upon the sale of stock received in a dividend or other distribution from us will be equal to the total dollar amount of the distribution payable to the stockholder. Any stock received in a dividend or other distribution will have a new holding period for tax purposes commencing on the day following the day on which the shares are credited to the U.S. stockholder's account.

Participants may terminate their accounts under the plan by notifying the plan administrator via its website at www.amstock.com, by filling out the transaction request form located at the bottom of their statement and sending it to the plan administrator. Such termination will be effective immediately if the participant's notice is received by the plan administrator not less than 10 days prior to any dividend or distribution record date; otherwise, such termination will be effective only with respect to any subsequent dividend or distribution.

The plan may be terminated by us upon notice in writing mailed to each participant at least 30 days prior to any record date for the payment of any dividend by us. All correspondence concerning the plan should be directed to the plan administrator by mail at American Stock Transfer & Trust Company, LLC, P.O. Box 922, Wall Street Station, New York, New York 10269, or by the plan administrator's Interactive Voice Response System at (888) 777-0324.

If you withdraw or the plan is terminated, you will receive the number of whole shares in your account under the plan and a cash payment for any fraction of a share in your account.

If you hold your common stock with a brokerage firm that does not participate in the plan, you will not be able to participate in the plan and any dividend reinvestment may be effected on different terms than those described above. Consult your financial advisor for more information.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a general summary of the material U.S. federal income tax considerations applicable to us and to an investment in shares of our common stock. This summary does not purport to be a complete description of the income tax considerations applicable to such an investment. For example, we have not described tax consequences that may be relevant to certain types of holders subject to special treatment under U.S. federal income tax laws, including stockholders subject to the alternative minimum tax, tax-exempt organizations, insurance companies, dealers in securities, traders in securities that elect to use a mark-to-market method of accounting for securities holdings, pension plans, trusts, and financial institutions. This summary assumes that investors hold our common stock as capital assets (within the meaning of the Code). The discussion is based upon the Code, Treasury regulations, and administrative and judicial interpretations, each as of the date of this prospectus and all of which are subject to change, possibly retroactively, which could affect the continuing validity of this discussion. We have not sought and will not seek any ruling from the Internal Revenue Service, or the IRS, regarding this offering. This summary does not discuss any aspects of U.S. estate or gift tax or foreign, state or local tax.

A "U.S. stockholder" is a beneficial owner of shares of our common stock that is for U.S. federal income tax purposes:

- a citizen or resident of the United States;
- a domestic corporation;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if a U.S. court can exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust.

A "Non-U.S. stockholder" is a beneficial owner of shares of our common stock that is not a U.S. stockholder.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds shares of our common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A partner in a partnership that will hold shares of our common stock should consult his, her or its tax advisor with respect to the U.S. federal tax treatment of an investment in shares of our common stock.

Tax matters are very complicated and the tax consequences to an investor of an investment in shares of our common stock will depend on the facts of his, her or its particular situation. We encourage investors to consult their own tax advisors regarding the specific consequences of such an investment, including tax reporting requirements, the applicability of federal, state, local and foreign tax laws, eligibility for the benefits of any applicable tax treaty, and the effect of any possible changes in the tax laws.

Election to Be Taxed as a RIC

As a business development company, we intend to elect to be treated as a RIC under Subchapter M of the Code. As a RIC, we generally will not have to pay corporate-level federal income taxes on any ordinary income or capital gains that we timely distribute to our stockholders as dividends. To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements, as described below. In addition, to be relieved of U.S. federal income taxes on income and gains distributed to our stockholders, we must distribute to our stockholders, for each taxable year, at least 90% of our "investment company taxable income," which is generally our net ordinary income plus the excess of realized net short-term capital gains over realized net long-term capital losses (the "Annual Distribution Requirement").

Taxation as a RIC

If we:

- qualify as a RIC; and
- satisfy the Annual Distribution Requirement;

then we will not be subject to U.S. federal income tax on the portion of our investment company taxable income and net capital gain (i.e. net long-term capital gains in excess of net short-term capital losses) we distribute to stockholders. We will be subject to U.S. federal income tax at the regular corporate rates on any net income or net capital gain not distributed (or deemed distributed) to our stockholders.

We will be subject to a 4% nondeductible federal excise tax on our undistributed income unless we distribute in a timely manner an amount at least equal to the sum of (a) 98% of our ordinary income for each calendar year, (b) 98.2% of our capital gain net income (both long-term and short-term) for the one-year period ending October 31 in that calendar year (or, if we have a taxable year that ends on November 30 or December 31 and so elect, for our taxable year) and (c) any income realized, but not distributed, in the preceding years (the "Excise Tax Avoidance Requirement"). For this purpose, however, any ordinary income or capital gain net income retained by us that is subject to corporate income tax for the tax year ending in that calendar year will be considered to have been distributed by year end. We currently intend to make sufficient distributions each taxable year to satisfy the Excise Tax Avoidance Requirement.

In order to qualify as a RIC for federal income tax purposes, we must, among other things:

- qualify to be treated as a business development company under the 1940 Act at all times during each taxable year;
- derive in each taxable year at least 90% of our gross income from dividends, interest, certain payments with respect to loans of stock and securities, gains from the sale or other disposition of stock, securities, or foreign currencies and other income (including but not limited to gains from options, futures or forward contracts) derived with respect to our business of investing in such stock, securities or currencies, and net income derived from interests in "qualified publicly traded partnerships," as such term is defined in the Code (the "90% Income Test"); and
- diversify our holdings so that at the end of each quarter of the taxable year:
    - at least 50% of the value of our assets consists of cash, cash equivalents, U.S. government securities, securities of other RICs, and other securities, with such other securities limited, in respect of any one issuer, to an amount not greater than 5% of the value of our assets and 10% of the outstanding voting securities of such issuer; and
    - no more than 25% of the value of our assets is invested in the securities, other than U.S. government securities or securities of other RICs, of one issuer, of two or more issuers that we control (as determined under applicable tax rules) and that are engaged in the same, similar or related trades or businesses or of one or more qualified publicly traded partnerships (the "Diversification Tests").

We may invest in partnerships, including qualified publicly traded partnerships, which may result in our being subject to state, local or foreign income, franchise or withholding liabilities.

We may be required to recognize taxable income in circumstances in which we do not receive cash. For example, if we hold debt obligations that are treated under applicable rules as having OID (such as debt instruments with PIK interest or, in certain cases, with increasing interest rates or issued with warrants), we must include in income each year a portion of the OID that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year.

Because any OID accrued will be included in our investment company taxable income for the year of accrual, we may be required to make a distribution to our stockholders in order to satisfy the Annual Distribution Requirement, even though we will not have received any corresponding cash amount.

We may make investments or engage in transactions that affect the character, amount and timing of gains or losses we realize. We may make investments that produce income that is not matched by a corresponding cash receipt by us. Any such income would be treated as income earned by us and therefore would be subject to the Annual Distribution Requirement. Such investments may require us to borrow money or dispose of other securities in order to comply with those requirements. We may also make investments that prevent or defer the recognition of losses or the deduction of expenses. These investments may likewise require us to borrow money or dispose of other securities in order to comply with the Annual Distribution Requirement. Additionally, we may make investments that result in the recognition of ordinary income rather than capital gain, or that prevent us from accruing a long-term holding period. These investments may prevent us from making capital gain distributions, as described below. We intend to monitor our transactions, will make the appropriate tax elections and will make the appropriate entries in our books and records when we make any such investments in order to mitigate the effects of these rules.

Although we do not presently expect to do so, we are authorized to borrow funds and to sell assets in order to satisfy distribution requirements. However, under the 1940 Act, we are not permitted to make distributions to our stockholders while our debt obligations and other senior securities are outstanding unless certain "asset coverage" tests are met. See "Regulation—Senior Securities." Moreover, our ability to dispose of assets to meet our distribution requirements may be limited by (a) the illiquid nature of our portfolio and/or (b) other requirements relating to our status as a RIC, including the Diversification Tests. If we dispose of assets in order to meet the Annual Distribution Requirement or the Excise Tax Avoidance Requirement, we may make such dispositions at times that, from an investment standpoint, are not advantageous.

Some of the income and fees that we may recognize will not satisfy the 90% Income Test. In order to ensure that such income and fees do not disqualify us as a RIC for a failure to satisfy the 90% Income Test, we may be required to recognize such income and fees directly or indirectly through one or more entities treated as corporations for U.S. federal income tax purposes. Such corporations will be required to pay U.S. corporate income tax on their earnings, which ultimately will reduce our return on such income and fees.

Failure to Qualify as a RIC

If for any year we do not qualify for treatment as a RIC, we will be subject to tax on all of our taxable income (including our net capital gain) at regular corporate rates. We will not be able to deduct distributions to stockholders, nor would we be required to make such distributions. Distributions, including distributions of net long-term capital gain, would generally be taxable to our stockholders as dividend income to the extent of our current and accumulated earnings and profits. For taxable years beginning before January 1, 2013, such dividend income generally would be taxable as qualified dividend income eligible for a maximum federal tax rate of 15% in the case of individual U.S. stockholders provided that the shares have been held for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date. Subject to certain limitations under the Code, corporate distributees 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 remaining distributions would be treated as capital gain. If we fail to qualify as a RIC for a period greater than two taxable years, to qualify as a RIC in a subsequent year we may be subject to regular corporate tax on any net built-in gains with respect to certain of our assets (*i.e.*, the excess of the aggregate gains, including items of income, over aggregate losses that would have been realized with respect to such assets if we had been liquidated) that we elect to recognize on requalification or when recognized over the next ten years.

The remainder of this discussion assumes that we qualify as a RIC and have satisfied the Annual Distribution Requirement.

Taxation of U.S. Stockholders

Distributions by us generally are taxable to U.S. stockholders as ordinary income or capital gains. Distributions of our investment company taxable income will be taxable as ordinary income to U.S. stockholders to the extent of our current or accumulated earnings and profits, whether paid in cash or reinvested in additional shares of our common stock. For taxable years beginning before January 1, 2013, to the extent such distributions paid by us to non-corporate stockholders are attributable to dividends from U.S. corporations and certain qualified foreign corporations, such distributions generally will be eligible for a maximum federal tax rate of 15%. In this regard, it is anticipated that distributions paid by us will generally not be attributable to such dividends and, therefore, generally will not qualify for the 15% maximum federal tax rate. Distributions of our net capital gain (which is generally our realized net long-term capital gains in excess of realized net short-term capital losses) properly designated by us as "capital gain dividends" will be taxable to a U.S. stockholder as long-term capital gains in the case of individuals, trusts or estates, regardless of the U.S. stockholder's holding period for his, her or its common stock and regardless of whether paid in cash or reinvested in additional common stock. Long-term capital gain of an individual U.S. stockholder is generally taxed at preferential rates. Distributions in excess of our earnings and profits first will reduce a U.S. stockholder's adjusted tax basis in such stockholder's common stock and, after the adjusted basis is reduced to zero, will constitute capital gains to such U.S. stockholder.

Although we currently intend to distribute any net long-term capital gains at least annually, we may in the future decide to retain some or all of our net long-term capital gains but designate the retained amount as a "deemed distribution." In that case, among other consequences, we will pay tax on the retained amount, each U.S. stockholder will be required to include his, her or its share of the deemed distribution in income as if it had been distributed to the U.S. stockholder, and the U.S. stockholder will be entitled to claim a credit equal to his, her or its allocable share of the tax paid on the deemed distribution by us. The amount of the deemed distribution net of such tax will be added to the U.S. stockholder's tax basis for their common stock. Since we expect to pay tax on any retained capital gains at our regular corporate tax rate, and since that rate is in excess of the maximum rate currently payable by individuals on long-term capital gains, the amount of tax that individual stockholders will be treated as having paid and for which they will receive a credit will exceed the tax they owe on the retained net capital gain. Such excess generally may be claimed as a credit against the U.S. stockholder's other federal income tax obligations or may be refunded to the extent it exceeds a stockholder's liability for federal income tax. A stockholder that is not subject to federal income tax or otherwise required to file a federal income tax return would be required to file a federal income tax return on the appropriate form in order to claim a refund for the taxes we paid. In order to utilize the deemed distribution approach, we must provide written notice to our stockholders prior to the expiration of 60 days after the close of the relevant taxable year. We cannot treat any of our investment company taxable income as a "deemed distribution."

For purposes of determining (a) whether the Annual Distribution Requirement is satisfied for any year and (b) the amount of capital gain dividends paid for that year, we may, under certain circumstances, elect to treat a dividend that is paid during the following taxable year as if it had been paid during the taxable year in question. If we make such an election, the U.S. stockholder will still be treated as receiving the dividend in the taxable year in which the distribution is made. However, any dividend declared by us in October, November or December of any calendar year, payable to stockholders of record on a specified date in such a month and actually paid during January of the following year, will be treated as if it had been received by our U.S. stockholders on December 31 of the year in which the dividend was declared.

If an investor purchases shares of our common stock shortly before the record date of a distribution, the price of the shares will include the value of the distribution and the investor will be subject to tax on the distribution even though it economically represents a return of his, her or its investment.

A stockholder generally will recognize taxable gain or loss if the stockholder sells or otherwise disposes of his, her or its shares of our common stock. Any gain arising from such sale or disposition generally will be treated as long-term capital gain or loss if the stockholder has held his, her or its shares for more than one year. Otherwise, it would be classified as short-term capital gain or loss. However, any capital loss arising from the

sale or disposition of shares of our common stock held for six months or less will be treated as long-term capital loss to the extent of the amount of capital gain dividends received, or undistributed capital gain deemed received, with respect to such shares. In addition, all or a portion of any loss recognized upon a disposition of shares of our common stock may be disallowed if other shares of our common stock are purchased (whether through reinvestment of distributions or otherwise) within 30 days before or after the disposition. In such a case, the basis of the common stock acquired will be increased to reflect the disallowed loss.

In general, individual U.S. stockholders currently are subject to a maximum federal income tax rate of 15% on their net capital gain recognized in taxable years beginning on or before December 31, 2012. After such date, the maximum federal income tax rate on long-term capital gains is scheduled to return to 20%. Such rate is lower than the maximum rate on ordinary income currently payable by individuals. Corporate U.S. stockholders currently are subject to federal income tax on net capital gain at the maximum 35% rate also applied to ordinary income. Non-corporate stockholders 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; any net capital losses of a non-corporate stockholder in excess of $3,000 generally may be carried forward and used in subsequent years as provided in the Code. Corporate stockholders generally may not deduct any net capital losses for a year, but may carryback such losses for three years or carry forward such losses for five years.

We will send to each of our U.S. stockholders, as promptly as possible after the end of each calendar year, a notice detailing, on a per share and per distribution basis, the amounts includible in such U.S. stockholder's taxable income for such year as ordinary income and as long-term capital gain. In addition, the federal tax status of each year's distributions generally will be reported to the IRS. Distributions may also be subject to additional state, local and foreign taxes depending on a U.S. stockholder's particular situation.

We will be required in certain cases to backup withhold and remit to the U.S. Treasury a portion of qualified dividend income, ordinary income dividends and capital gain dividends, and the proceeds of redemption of shares, paid to any shareholder (a) who has provided either an incorrect tax identification number or no number at all, (b) whom the IRS subjects to backup withholding for failure to report the receipt of interest or dividend income properly or (c) who has failed to certify to us that it is not subject to backup withholding or that it is an "exempt recipient." Backup withholding is not an additional tax and any amounts withheld may be refunded or credited against a shareholder's federal income tax liability, provided the appropriate information is furnished to the IRS.

If a U.S. stockholder recognizes a loss with respect to shares of our common stock of $2 million or more for an individual stockholder or $10 million or more for a corporate stockholder, the stockholder generally must file with the IRS a disclosure statement on Form 8886. Direct stockholders of portfolio securities are in many cases exempted from this reporting requirement, but under current guidance, stockholders of a RIC are not exempted. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer's treatment of the loss is proper. U.S. stockholders should consult their tax advisors to determine the applicability of these regulations in light of their specific circumstances.

For taxable years beginning after December 31, 2012, a U.S. stockholder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% tax on the lesser of (a) the U.S. stockholder's "net investment income" for the relevant taxable year and (b) the excess of the U.S. stockholder's modified gross income for the taxable year over a certain threshold (which in the case of individuals will be between $125,000 and $250,000, depending on the individual's circumstances). A U.S. stockholder's net investment income will generally include its gross dividend income and its net gains from the disposition of shares, unless such dividends or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). U.S. stockholders that are individuals, estates or trusts are urged to consult their tax advisors regarding the applicability of the Medicare tax to their income and gains in respect of their investment in shares of our common stock.

Taxation of Non-U.S. Stockholders

Whether an investment in the shares of our common stock is appropriate for a Non-U.S. stockholder will depend upon that person's particular circumstances. An investment in the shares of our common stock by a Non-U.S. stockholder may have adverse tax consequences as compared to a direct investment in the assets in which we will invest. Non-U.S. stockholders should consult their tax advisors before investing in our common stock.

Distributions of our investment company taxable income to Non-U.S. stockholders will be subject to withholding of federal tax at a 30% rate (or lower rate provided by an applicable treaty) to the extent of our current and accumulated earnings and profits unless the distributions are effectively connected with a U.S. trade or business of the Non-U.S. stockholder, and, if an income tax treaty applies, attributable to a permanent establishment in the United States, in which case the distributions will be subject to federal income tax at the rates applicable to U.S. persons. In that case, we will not be required to withhold federal tax if the Non-U.S. stockholder complies with applicable certification and disclosure requirements. Special certification requirements apply to a Non-U.S. stockholder that is a foreign partnership or a foreign trust, and such entities are urged to consult their own tax advisors.

For taxable years beginning before January 1, 2012, properly designated dividends received by a Non-U.S. stockholder are generally exempt from U.S. federal withholding tax when they (a) are paid in respect of our "qualified net interest income" (generally, our U.S. source interest income, other than certain contingent interest and interest from obligations of a corporation or partnership in which we are at least a 10% stockholder, reduced by expenses that are allocable to such income), or (b) are paid in connection with our "qualified short-term capital gains" (generally, the excess of our net short-term capital gain over our long-term capital loss for such taxable year). However, depending on the circumstances, we may designate all, some or none of our potentially eligible dividends as such qualified net interest income or as qualified short-term capital gains, and/or treat such dividends, in whole or in part, as ineligible for this exemption from withholding. In order to qualify for this exemption from withholding, a Non-U.S. stockholder must comply with applicable certification requirements relating to its non-U.S. status (including, in general, furnishing an IRS Form W-8BEN or an acceptable substitute or successor form). In the case of shares held through an intermediary, the intermediary may withhold even if we designate the payment as qualified net interest income or qualified short-term capital gain. Non-U.S. stockholders should contact their intermediaries with respect to the application of these rules to their accounts.

Actual or deemed distributions of our net capital gains to a Non-U.S. stockholder, and gains realized by a Non-U.S. stockholder 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 unless the distributions or gains, as the case may be, are effectively connected with a U.S. trade or business of the Non-U.S. stockholder and, if an income tax treaty applies, are attributable to a permanent establishment maintained by the Non-U.S. stockholder in the United States or, in the case of an individual Non-U.S. stockholder, the stockholder is present in the United States for 183 days or more during the year of the sale or capital gain dividend and certain other conditions are met.

If we distribute our net capital gains in the form of deemed rather than actual distributions (which we may do in the future), a Non-U.S. stockholder will be entitled to a federal income tax credit or tax refund equal to the stockholder's allocable share of the tax we pay on the capital gains deemed to have been distributed. In order to obtain the refund, the Non-U.S. stockholder must obtain a U.S. taxpayer identification number and file a federal income tax return even if the Non-U.S. stockholder would not otherwise be required to obtain a U.S. taxpayer identification number or file a federal income tax return. For a corporate Non-U.S. stockholder, 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 30% rate (or at a lower rate if provided for by an applicable treaty). Accordingly, investment in the shares of our common stock may not be appropriate for a Non-U.S. stockholder.

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

Pursuant to recently enacted legislation, certain payments in respect of shares or made to corporate United States holders after December 31, 2011 may be subject to information reporting and backup withholding, notwithstanding the previous paragraph.

Under recently enacted legislation, certain foreign financial institutions, investment funds and other Non-U.S. persons are subject to information reporting requirements with respect to their direct and indirect U.S. stockholders and/or U.S. accountholders. A 30% withholding tax would be imposed on certain payments that are made after December 31, 2012 that are made to a Non-U.S. person that is subject to such requirements and fails to comply with them. Such payments would include U.S.-source dividends (which include dividends on our common stock) and the gross proceeds from the sale or other disposition of stock that can produce U.S.-source dividends.

Non-U.S. stockholders should consult their own tax advisors 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 of our common stock.

DESCRIPTION OF OUR CAPITAL STOCK

The following description is based on relevant portions of the DGCL and on our certificate of incorporation and bylaws. This summary is not necessarily complete, and we refer you to the DGCL and our certificate of incorporation and bylaws for a more detailed description of the provisions summarized below.

Capital Stock

Our authorized stock consists of shares of common stock, par value $0.01 per share, and shares of preferred stock, par value $0.01 per share. There is currently no market for our common stock, and we can offer no assurances that a market for our shares of common stock will develop in the future. We have applied to have our common stock listed on The Nasdaq Global Market under the symbol "OFS." There are no outstanding options or warrants to purchase our stock. No stock has been authorized for issuance under any equity compensation plans. Under Delaware law, our stockholders generally are not personally liable for our debts or obligations. Immediately prior to this offering, our only securities outstanding were shares of our common stock, all of which were held by OFSAM.

Common Stock

All shares of our common stock have equal rights as to earnings, assets, dividends and voting and, when they are issued, will be duly authorized, validly issued, fully paid and nonassessable. Distributions may be paid to the holders of our common stock if, as and when authorized by our board of directors and declared by us out of funds legally available therefor. Shares of our common stock have no preemptive, exchange, conversion or redemption rights and are freely transferable, except when their transfer is restricted by federal and state securities laws or by contract. In the event of our liquidation, dissolution or winding up, each share of our common stock would be entitled to share ratably in all of our assets that are legally available for distribution after we pay all debts and other liabilities and subject to any preferential rights of holders of our preferred stock, if any preferred stock is outstanding at such time. Each share of our common stock is entitled to one vote on all matters submitted to a vote of stockholders, including the election of directors. Except as provided with respect to any other class or series of stock, the holders of our common stock will possess exclusive voting power. There is no cumulative voting in the election of directors, which means that holders of a majority of the outstanding shares of common stock can elect all of our directors, and holders of less than a majority of such shares will not be able to elect any directors.

Preferred Stock

Our certificate of incorporation authorizes our board of directors to classify and reclassify any unissued shares of stock into other classes or series of stock, including preferred stock. Prior to issuance of shares of each class or series, the board of directors is required by Delaware law and by our certificate of incorporation to set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, the board of directors could authorize the issuance of shares of preferred stock with terms and conditions that could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise be in their best interest. You should note, however, that any issuance of preferred stock must comply with the requirements of the 1940 Act. The 1940 Act requires that (a) immediately after issuance and before any dividend or other distribution is made with respect to our common stock and before any purchase of common stock is made, our asset coverage ratio, as defined in the 1940 Act, must equal at least 200% of gross assets less all liabilities and indebtedness not represented by senior securities (which include all of our borrowings and any preferred stock), and (b) the holders of shares of preferred stock, if any are issued, must be entitled as a class to elect two directors at all times and to elect a majority of the directors if dividends on such preferred stock are in arrears by two years or more. Some matters under the 1940 Act require the separate vote of the holders of any issued and outstanding preferred stock. For example, holders of

preferred stock would vote separately from the holders of common stock on a proposal to cease operations as a business development company. We believe that the availability for issuance of preferred stock will provide us with increased flexibility in structuring future financings and acquisitions, although we have no present intent to issue any shares of preferred stock within the 12 months following this offering.

Provisions of the DGCL and Our Certificate of Incorporation and Bylaws

Limitation on Liability of Directors and Officers; Indemnification and Advance of Expenses

The indemnification of our officers and directors is governed by Section 145 of the DGCL, our certificate of incorporation and bylaws. Subsection (a) of DGCL Section 145 empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if (a) such person acted in good faith, (b) in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and (c) with respect to any criminal action or proceeding, such person had no reasonable cause to believe the person's conduct was unlawful.

Subsection (b) of DGCL Section 145 empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner the person reasonably believed to be in, or not opposed to, the best interests of the corporation, and except that no indemnification may be made in respect of any claim, issue or matter as to which such person has been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court deems proper.

DGCL Section 145 further provides that to the extent that a present or former director or officer is successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in subsections (a) and (b) of Section 145, or in defense of any claim, issue or matter therein, such person will be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with such action, suit or proceeding. In all cases in which indemnification is permitted under subsections (a) and (b) of Section 145 (unless ordered by a court), it will be made by the corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because the applicable standard of conduct has been met by the party to be indemnified. Such determination must be made, with respect to a person who is a director or officer at the time of such determination, (a) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, (b) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, (c) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion or (d) by the stockholders. The statute authorizes the corporation to pay expenses incurred by an officer or director in advance of the final disposition of a proceeding upon receipt of an undertaking by or on behalf of the person to whom the advance will be made, to repay the advances if it is ultimately determined that he or she was not entitled to indemnification. DGCL Section 145 also provides that

indemnification and advancement of expenses permitted under such Section are not to be exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors, or otherwise. DGCL Section 145 also authorizes the corporation to purchase and maintain liability insurance on behalf of its directors, officers, employees and agents regardless of whether the corporation would have the statutory power to indemnify such persons against the liabilities insured.

Our certificate of incorporation provides that our directors will not be liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by the current DGCL or as the DGCL may hereafter be amended. DGCL Section 102(b)(7) provides that the personal liability of a director to a corporation or its stockholders for breach of fiduciary duty as a director may be eliminated except for liability (a) for any breach of the director's duty of loyalty to the registrant or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the DGCL, relating to unlawful payment of dividends or unlawful stock purchases or redemption of stock or (d) for any transaction from which the director derives an improper personal benefit.

Our bylaws provide for the indemnification of any person to the full extent permitted by law as currently in effect or as may hereafter be amended. In addition, we have entered into indemnification agreements with each of our directors and officers in order to effect the foregoing.

Delaware Anti-Takeover Law

The DGCL and our certificate of incorporation and bylaws contain provisions that could make it more difficult for a potential acquirer to acquire us by means of a tender offer, proxy contest or otherwise. These provisions are expected to discourage certain coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to negotiate first with our board of directors. These measures may delay, defer or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders. We believe, however, that the benefits of these provisions outweigh the potential disadvantages of discouraging any such acquisition proposals because the negotiation of such proposals may improve their terms.

We are subject to the provisions of Section 203 of the DGCL regulating corporate takeovers. In general, these provisions prohibit a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless:

- prior to such time, the board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or
- on or after the date the business combination is approved by the board of directors and authorized at a meeting of stockholders, by at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 defines "business combination" to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition (in one transaction or a series of transactions) of 10% or more of either the aggregate market value of all the assets of the corporation or the aggregate market value of all the outstanding stock of the corporation involving the interested stockholder;

- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by any of these entities or persons. Section 203 of the DGCL may discourage third parties from trying to acquire control of us and increase the difficulty of consummating such an offer.

Classified Board of Directors

Our board of directors is divided into three classes of directors serving staggered three-year terms, with the term of office of only one of the three classes expiring each year. A classified board may render a change in control of us or removal of our incumbent management more difficult. We believe, however, that the longer time required to elect a majority of a classified board of directors helps to ensure the continuity and stability of our management and policies.

Number of Directors; Removal; Vacancies

Our certificate of incorporation provides that the number of directors will be set only by the board of directors in accordance with our bylaws. Our bylaws provide that a majority of our entire board of directors may at any time increase or decrease the number of directors. However, unless our bylaws are amended, the number of directors may never be less than four nor more than eight. Under our certificate of incorporation and bylaws, any vacancy on the board of directors, including a vacancy resulting from an enlargement of the board of directors, may be filled only by vote of a majority of the directors then in office. The limitations on the ability of our stockholders to fill vacancies could make it more difficult for a third party to acquire, or discourage a third-party from seeking to acquire, control of us.

Our charter provides that a director may be removed only for cause, as defined in our charter, and then only by the affirmative vote of at least two-thirds of the votes entitled to be cast in the election of directors.

Advance Notice Provisions for Stockholder Nominations and Stockholder Proposals

Our bylaws provide that with respect to an annual meeting of stockholders, nominations of persons for election to the board of directors and the proposal of business to be considered by stockholders may be made only (a) by or at the direction of the board of directors, (b) pursuant to our notice of meeting or (c) by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice procedures of the bylaws. Nominations of persons for election to the board of directors at a special meeting may be made only by or at the direction of the board of directors, and provided that the board of directors has determined that directors will be elected at the meeting, by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice provisions of the bylaws.

The purpose of requiring stockholders to give us advance notice of nominations and other business is to afford our board of directors a meaningful opportunity to consider the qualifications of the proposed nominees and the advisability of any other proposed business and, to the extent deemed necessary or desirable by our board of directors, to inform stockholders and make recommendations about such qualifications or business, as well as to provide a more orderly procedure for conducting meetings of stockholders. Although our bylaws do not give our board of directors any power to disapprove stockholder nominations for the election of directors or proposals

recommending certain action, they may have the effect of precluding a contest for the election of directors or the consideration of stockholder proposals if proper procedures are not followed and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal without regard to whether consideration of such nominees or proposals might be harmful or beneficial to us and our stockholders.

Action by Stockholders

Under the DGCL, stockholder action can be taken only at an annual or special meeting of stockholders or by unanimous written consent in lieu of a meeting, unless the certificate of incorporation provides for stockholder action by less than unanimous written consent (which our certificate of incorporation does not). These provisions, combined with the requirements of our bylaws regarding the calling of a stockholder-requested special meeting of stockholders discussed below, may have the effect of delaying consideration of a stockholder proposed until the next annual meeting.

Stockholder Meetings

Our certificate of incorporation and bylaws provide that, except as otherwise required by law, special meetings of the stockholders can only be called by the chairman of the board, the vice chairman of the board, the president, the board of directors or stockholders who own of record a majority of the outstanding shares of each class of stock entitled to vote at the meeting. In addition, our bylaws establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of stockholders, including proposed nominations of candidates for election to the board of directors. Stockholders at an annual meeting may only consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of the board of directors, or by a stockholder of record on the record date for the meeting who is entitled to vote at the meeting and who has delivered timely written notice in proper form to the secretary of the stockholder's intention to bring such business before the meeting. These provisions could have the effect of delaying until the next stockholder meeting stockholder actions that are favored by the holders of a majority of our outstanding voting securities.

Conflict with 1940 Act

Our bylaws provide that, if and to the extent that any provision of the DGCL or any provision of our certificate of incorporation or bylaws conflicts with any provision of the 1940 Act, the applicable provision of the 1940 Act will control.

REGULATION

We are a business development company under the 1940 Act and intend to elect to be treated as a RIC under the Code. The 1940 Act contains prohibitions and restrictions relating to transactions between business development companies and their affiliates (including any investment advisers), principal underwriters and affiliates of those affiliates or underwriters and requires that a majority of the directors be persons other than "interested persons," as that term is defined in the 1940 Act. In addition, the 1940 Act provides that we may not change the nature of our business so as to cease to be, or to withdraw our election as, a business development company unless approved by a majority of our outstanding voting securities.

We may invest up to 100% of our assets in securities acquired directly from issuers in privately negotiated transactions. With respect to such securities, we may, for the purpose of public resale, be deemed an "underwriter" as that term is defined in the Securities Act. Our intention is to not write (sell) or buy put or call options to manage risks associated with the publicly traded securities of our portfolio companies, except that we may enter into hedging transactions to manage the risks associated with interest rate fluctuations. However, we may purchase or otherwise receive warrants to purchase the common stock of our portfolio companies in connection with acquisition financing or other investments. Similarly, in connection with an acquisition, we may acquire rights to require the issuers of acquired securities or their affiliates to repurchase them under certain circumstances. We also do not intend to acquire securities issued by any investment company that exceed the limits imposed by the 1940 Act. Under these limits, we generally cannot acquire more than 3% of the voting stock of any registered investment company, invest more than 5% of the value of our total assets in the securities of one investment company or invest more than 10% of the value of our total assets in the securities of more than one investment company. With regard to that portion of our portfolio invested in securities issued by investment companies, it should be noted that such investments might subject our stockholders to additional expenses. None of these policies is fundamental and may be changed without stockholder approval.

Qualifying Assets

Under the 1940 Act, a business development company may not acquire any asset other than assets of the type listed in section 55(a) of the 1940 Act, which are referred to as "qualifying assets," unless, at the time the acquisition is made, qualifying assets represent at least 70% of the company's total assets. The principal categories of qualifying assets relevant to our proposed business are the following:

(a) Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions) is an eligible portfolio company, or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules as may be prescribed by the SEC. An eligible portfolio company is defined in the 1940 Act as any issuer that:

- 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 1940 Act; and
- satisfies either of the following:
  - does not have any class of securities listed on a national securities exchange or has any class of securities listed on a national securities exchange subject to a $250 million market capitalization maximum; or
  - is controlled by a business development company or a group of companies including a business development company, the business development company actually exercises a controlling influence over the management or policies of the eligible portfolio company, and, as a result, the business development company has an affiliated person who is a director of the eligible portfolio company.

(b) Securities of any eligible portfolio company which we control.

(c) Securities purchased in a private transaction from a U.S. issuer that is not an investment company or from an affiliated person of the issuer, or in transactions incident to such a private transaction, if the issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities, was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements.

(d) Securities of an eligible portfolio company 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.

(e) Securities received in exchange for or distributed on or with respect to securities described above, or pursuant to the exercise of warrants or rights relating to such securities.

(f) Cash, cash equivalents, U.S. government securities or high-quality debt securities that mature in one year or less from the date of investment.

The regulations defining qualifying assets may change over time. We may adjust our investment focus as needed to comply with and/or take advantage of any regulatory, legislative, administrative or judicial actions in this area.

Managerial Assistance to Portfolio Companies

A business development company must have been organized and have its principal place of business in the United States and must be operated for the purpose of making investments in the types of securities described in (a), (b) or (c) above. However, in order to count portfolio securities as qualifying assets for the purpose of the 70% test, the business development company must either control the issuer of the securities or must offer to make available to the issuer of the securities significant managerial assistance; except that, when the business development company purchases such securities in conjunction with one or more other persons acting together, one of the other persons in the group may make available such managerial assistance. Making available managerial assistance means, among other things, any arrangement whereby the business development company, through its directors, officers or employees, offers to provide, and, if accepted, does so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company. OFSC will provide such managerial assistance on our behalf to portfolio companies that request this assistance.

Temporary Investments

Pending investment in other types of qualifying assets, as described above, our investments may consist of cash, cash equivalents, U.S. government securities, repurchase agreements and high-quality debt investments that mature in one year or less from the date of investment, which we refer to, collectively, as temporary investments, so that 70% of our assets are qualifying assets or temporary investments. Typically, we will invest in U.S. Treasury bills or in repurchase agreements, so long as the agreements are fully collateralized by cash or securities issued by the U.S. government or its agencies. A repurchase agreement involves the purchase by an investor, such as us, of a specified security and the simultaneous agreement by the seller to repurchase it at an agreed-upon future date and at a price that is greater than the purchase price by an amount that reflects an agreed-upon interest rate. There is no percentage restriction on the proportion of our assets that may be invested in such repurchase agreements. However, if more than 25% of our total assets constitute repurchase agreements from a single counterparty, we would not meet the Diversification Tests in order to qualify as a RIC for federal income tax purposes. Accordingly, we do not intend to enter into repurchase agreements with a single counterparty in excess of this limit. OFS Advisor will monitor the creditworthiness of the counterparties with which we enter into repurchase agreement transactions.

Senior Securities

We are permitted, under specified conditions, to issue multiple classes of indebtedness and one class of stock senior to our common stock if our asset coverage, as defined in the 1940 Act, is at least equal to 200% immediately after each such issuance. In addition, while any senior securities remain outstanding, we must make provisions to prohibit any distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. We may also borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes without regard to asset coverage. For a discussion of the risks associated with leverage, see "Risk Factors—Risks Relating to our Business and Structure—Regulations governing our operation as a business development company affect our ability to and the way in which we raise additional capital. As a business development company, we will need to raise additional capital, which will expose us to risks, including the typical risks associated with leverage."

Codes of Ethics

We and OFS Advisor have each adopted a code of ethics pursuant to Rule 17j-1 under the 1940 Act that establishes procedures for personal investments and restricts certain personal securities transactions. Personnel subject to each code may invest in securities for their personal investment accounts, including securities that may be purchased or held by us, so long as such investments are made in accordance with the code's requirements. You may read and copy the code of ethics at the SEC's Public Reference Room in Washington, D.C. You may obtain information on the operation of the Public Reference Room by calling the SEC at (800)-SEC-0330. In addition, each code of ethics is attached as an exhibit to the registration statement of which this prospectus is a part, and is available on the EDGAR Database on the SEC's website at www.sec.gov. You may also obtain copies of each code of ethics, after paying a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing the SEC's Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549.

Proxy Voting Policies and Procedures

We have delegated our proxy voting responsibility to OFS Advisor. The proxy voting policies and procedures of OFS Advisor are set out below. The guidelines are reviewed periodically by OFS Advisor and our directors who are not "interested persons," and, accordingly, are subject to change. For purposes of these proxy voting policies and procedures described below, "we," "our" and "us" refer to OFS Advisor.

Introduction

As an investment adviser registered under the Advisers Act, we have a fiduciary duty to act solely in the best interests of our clients. As part of this duty, we recognize that we must vote client securities in a timely manner free of conflicts of interest and in the best interests of our clients.

These policies and procedures for voting proxies for our investment advisory clients are intended to comply with Section 206 of, and Rule 206(4)-6 under, the Advisers Act.

Proxy Policies

We vote proxies relating to our portfolio securities in what we perceive to be the best interest of our clients' stockholders. We review on a case-by-case basis each proposal submitted to a stockholder vote to determine its effect on the portfolio securities held by our clients. In most cases we will vote in favor of proposals that we believe are likely to increase the value of the portfolio securities held by our clients. Although we will generally vote against proposals that may have a negative effect on our clients' portfolio securities, we may vote for such a proposal if there exist compelling long-term reasons to do so.

Our proxy voting decisions are made by those senior officers who are responsible for monitoring each of our clients' investments. To ensure that our vote is not the product of a conflict of interest, we require that (1) anyone involved in the decision-making process disclose to our chief compliance officer any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote; and (2) employees involved in the decision-making process or vote administration are prohibited from revealing how we intend to vote on a proposal in order to reduce any attempted influence from interested parties. Where conflicts of interest may be present, we will disclose such conflicts to our client, including with respect to OFS Capital, those directors who are not interested persons and we may request guidance from such persons on how to vote such proxies for their account.

Proxy Voting Records

You may obtain information about how we voted proxies for OFS Capital, free of charge, by making a written request for proxy voting information to: OFS Capital Corporation, 2850 West Golf Road, 5th Floor, Rolling Meadows, Illinois 60008, Attention: Investor Relations, or by calling OFS Capital Corporation at (847) 734-2060. The SEC also maintains a website at http://www.sec.gov that contains such information.

Privacy Principles

We are committed to maintaining the privacy of our stockholders and to safeguarding their nonpublic personal information. The following information is provided to help you understand what personal information we collect, how we protect that information and why, in certain cases, we may share information with select other parties.

Generally, we do not receive any nonpublic personal information relating to our stockholders, although certain nonpublic personal information of our stockholders may become available to us. We do not disclose any nonpublic personal information about our stockholders or former stockholders to anyone, except as permitted by law or as is necessary in order to service stockholder accounts (for example, to a transfer agent or third-party administrator).

We restrict access to nonpublic personal information about our stockholders to employees of OFS Advisor and its affiliates with a legitimate business need for the information. We will maintain physical, electronic and procedural safeguards designed to protect the nonpublic personal information of our stockholders.

Other

We are required to provide and maintain a bond issued by a reputable fidelity insurance company to protect us against larceny and embezzlement. Furthermore, as a business development company, we are prohibited from protecting any director or officer against any liability to OFS Capital or our stockholders arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office.

We and OFS Advisor will each be required to adopt and implement written policies and procedures reasonably designed to prevent violation of relevant federal securities laws, review these 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.

We may also be prohibited under the 1940 Act from knowingly participating in certain transactions with our affiliates without the prior approval of our board of directors who are not interested persons and, in some cases, prior approval by the SEC. The SEC has interpreted the business development company prohibition on transactions with affiliates to prohibit all "joint transactions" between entities that share a common investment adviser. Historically, we have invested in a number of the same middle-market companies as a fund managed by

OFSAM or one of its affiliates. Most of these co-investments have been in securities of the same seniority. Concurrently with the OFS Capital WM Transaction, we distributed to OFSAM a substantial portion of our loan portfolio and certain of our equity investments. In connection with our election to be regulated as a business development company, we will not be permitted to co-invest with other funds managed by OFSAM or one of its affiliates in certain types of negotiated investment transactions unless we receive exemptive relief from the SEC permitting us to do so. Moreover, we may be limited in our ability to make follow-on investments or liquidate our existing equity investments in such companies. Although we intend to apply to the SEC for exemptive relief to permit such co-investment and liquidity transactions, subject to certain conditions, we cannot be certain that our application for such relief will be granted or what conditions will be placed on such relief.

The staff of the SEC has granted no-action relief permitting purchases of a single class of privately placed securities provided that the adviser negotiates no term other than price and certain other conditions are met. As a result, we only expect to co-invest on a concurrent basis with other funds advised by OFS Advisor when each of us will own the same securities of the issuer and when no term is negotiated other than price. Any such investment would be made, subject to compliance with existing regulatory guidance, applicable regulations and OFS Advisor's allocation policy. If opportunities arise that would otherwise be appropriate for us and for another fund advised by OFS Advisor to invest in different securities of the same issuer, OFS Advisor will need to decide which fund will proceed with the investment. The decision by OFS Advisor to allocate an opportunity to another entity could cause us to forego an investment opportunity that we otherwise would have made. Moreover, except in certain circumstances, we will be unable to invest in any issuer in which another fund advised by OFS Advisor has previously invested.

We and OFS Advisor intend to submit an exemptive application to the SEC to permit greater flexibility to negotiate the terms of co-investments under the circumstances where we believe that it will be advantageous for us to co-invest with funds managed by OFS Advisor where such investment is consistent with our investment objectives, investment positions, investment policies, investment strategies, investment restrictions, regulatory requirements and other pertinent factors. We believe that co-investment by us and funds managed by OFS Advisor may afford us additional investment opportunities and the ability to achieve greater diversification. Accordingly, any application would seek an exemptive order permitting us to negotiate more than price terms when investing with funds managed by OFS Advisor in the same portfolio companies.

Moreover, if we elect to seek exemptive relieve, it is expected that we would undertake that, in connection with any commitment to a co-investment, a "required majority" (as defined in Section 57(o) of the 1940 Act) of our independent directors would make certain conclusions, including that (a) the terms of the proposed transaction are reasonable and fair to us and our stockholders and do not involve overreaching of us or our stockholders on the part of any person concerned and (b) the transaction is consistent with the interests of our stockholders and is consistent with our investment strategies and policies. We cannot assure you that this application for exemptive relief will be granted by the SEC or that, if granted, it will be on the terms set forth above.

Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act imposes a wide variety of regulatory requirements on publicly held companies and their insiders. Many of these requirements affect us. For example:

- pursuant to Rule 13a-14 under the Exchange Act, our principal executive officer and principal financial officer must certify the accuracy of the financial statements contained in our periodic reports;
- pursuant to Item 307 under Regulation S-K, our periodic reports must disclose our conclusions about the effectiveness of our disclosure controls and procedures;
- pursuant to Rule 13a-15 under the Exchange Act, our management must prepare an annual report regarding its assessment of our internal control over financial reporting, which must be audited by our independent registered public accounting firm; and

- pursuant to Item 308 of Regulation S-K and Rule 13a-15 under the Exchange Act, our periodic reports must disclose whether there were significant changes in our internal controls over financial reporting or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The Sarbanes-Oxley Act requires us to review our current policies and procedures to determine whether we comply with the Sarbanes-Oxley Act and the regulations promulgated under such act. We will continue to monitor our compliance with all regulations that are adopted under the Sarbanes-Oxley Act and will take actions necessary to ensure that we are in compliance with that act.

Small Business Investment Company Regulations

As noted above under "The Company—Small Business Investment Company Subsidiary," we intend to pursue a portion of our investment strategy through our SBIC subsidiary. We also own SBIC GP, a newly formed limited liability company that will serve as the general partner of our SBIC subsidiary.

SBICs are designed to stimulate the flow of private equity capital to eligible small businesses. Under SBA regulations, SBICs may make loans to eligible small businesses and invest in the equity securities of small businesses. If and when received, an SBIC license will allow our SBIC subsidiary to obtain leverage by issuing SBA-guaranteed debentures, subject to the issuance of a capital commitment by the SBA and other customary procedures. SBA-guaranteed debentures are non-recourse, interest only debentures with interest payable semi-annually and have a ten year maturity. The principal amount of SBA-guaranteed debentures is not required to be paid prior to maturity but may be prepaid at any time without penalty. The interest rate of SBA-guaranteed debentures is fixed at the time of issuance at a market-driven spread over U.S. Treasury Notes with 10-year maturities.

The SBA prohibits an SBIC from providing funds to small businesses for certain purposes, such as relending or investing outside of the United States, and providing funds to businesses engaged in a few prohibited industries and to certain "passive" (i.e., non-operating) companies. In addition, without prior SBA approval, an SBIC may not invest an amount equal to more than approximately 30% of the SBIC's regulatory capital in any one company and its affiliates.

The SBA restricts the ability of SBICs to repurchase their capital stock. SBA regulations also include restrictions on a "change of control" or transfer of an SBIC and require that SBICs invest idle funds in accordance with SBA regulations. In addition, our SBIC subsidiary may also be limited in its ability to make distributions to us if it does not have sufficient capital, in accordance with SBA regulations.

If our SBIC subsidiary receives a license, it will be subject to regulation and oversight by the SBA, including requirements with respect to maintaining certain minimum financial ratios and other covenants. Receipt of an SBIC license does not assure that our SBIC subsidiary will receive SBA guaranteed debenture funding, and such funding is dependent upon our SBIC subsidiary's continuing to be in compliance with SBA regulations and policies.

The SBA, as a creditor, will have a superior claim to our SBIC subsidiary's assets over our stockholders in the event we liquidate our SBIC subsidiary or the SBA exercises its remedies under the SBA debentures issued by our SBIC subsidiary in the event of a default.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, shares of our common stock will be outstanding, assuming no exercise of the underwriters' over-allotment option. The shares of common stock (assuming no exercise of the underwriters' over-allotment option) sold in the offering will be freely tradable without restriction or limitation under the Securities Act. Any shares purchased in this offering by our affiliates, as defined in the Securities Act, will be subject to the public information, manner of sale and volume limitations of Rule 144 under the Securities Act. The remaining shares of our common stock that will be outstanding upon the completion of this offering will be "restricted securities" under the meaning of Rule 144 promulgated under the Securities Act and may not be sold in the absence of registration under the Securities Act unless an exemption from registration is available, including exemptions contained in Rule 144.

In general, under Rule 144 as currently in effect, if six months have elapsed since the date of acquisition of restricted securities from us or any of our affiliates and we are subject to the Exchange Act periodic reporting requirements for at least three months prior to the sale, the holder of such restricted securities can sell such securities. However, the number of securities sold by such person within any three-month period cannot exceed the greater of:

- 1% of the total number of securities then outstanding; or
- the average weekly trading volume of our securities during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Sales under Rule 144 by our efforts also are subject to certain manners of sale provisions, notice requirements and the availability of current public information about us. No assurance can be given as to (a) the likelihood that an active market for our common stock will develop, (b) the liquidity of any such market, (c) the ability of our stockholders to sell our securities or (d) the prices that stockholders may obtain for any of our securities. No prediction can be made as to the effect, if any, that future sales of securities, or the availability of securities for future sales, will have on the market price prevailing from time to time. Sales of substantial amounts of our securities, or the perception that such sales could occur, may affect adversely prevailing market prices of our common stock. Immediately upon the expiration of the -day initial lock-up period described below, an aggregate of shares of common stock subject to the lock-up will be eligible for sale in the public market in accordance with Rule 144. See "Risk Factors—Risks Relating to This Offering."

Registration Rights

Prior to the consummation of this offering, we will enter into a registration rights agreement with OFSAM, our only current stockholder. This agreement will provide OFSAM with certain rights with respect to the registration of its shares under the Securities Act, including demand, piggyback and shelf registration rights when available.

CUSTODIAN, TRANSFER AND DIVIDEND PAYING AGENT AND REGISTRAR

Our securities are held by U.S. Bank National Association pursuant to a custody agreement. The principal business address of U.S. Bank National Association is One Federal Street, 3rd Floor, Boston, MA 02110, telephone: (617) 603-6538. American Stock Transfer & Trust Company, LLC will serve as our transfer agent, distribution paying agent and registrar. The principal business address of American Stock Transfer & Trust Company, LLC is 59 Maiden Lane, New York, NY 10038, telephone: (800) 937-5449.

BROKERAGE ALLOCATION AND OTHER PRACTICES

Since we will acquire and dispose of many of our investments in privately negotiated transactions, many of the transactions that we engage in will not require the use of brokers or the payment of brokerage commissions. Subject to policies established by our board of directors, OFS Advisor will be primarily responsible for selecting brokers and dealers to execute transactions with respect to the publicly traded securities portion of our portfolio transactions and the allocation of brokerage commissions. OFS Advisor does not expect to execute transactions through any particular broker or dealer but will seek to obtain the best net results for us under the circumstances, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution and operational facilities of the firm and the firm's risk and skill in positioning blocks of securities. OFS Advisor generally will seek reasonably competitive trade execution costs but will not necessarily pay the lowest spread or commission available. Subject to applicable legal requirements and consistent with Section 28(e) of the Exchange Act, OFS Advisor may select a broker based upon brokerage or research services provided to OFS Advisor and us and any other clients. In return for such services, we may pay a higher commission than other brokers would charge if OFS Advisor determines in good faith that such commission is reasonable in relation to the services provided.

UNDERWRITING

FBR Capital Markets & Co. is acting as representative of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus, each underwriter named below has agreed to purchase, and we have agreed to sell to that underwriter, the number of shares set forth opposite that underwriter's name.

Underwriter	Number of Shares
FBR Capital Markets & Co.	
Total	

The underwriting agreement provides that the underwriters' obligations are several, which means that each underwriter is required to purchase a specific number of shares of our common stock, but it is not responsible for the commitment of any other underwriter. The underwriting agreement provides that the underwriters' several obligations to purchase our common stock are subject to approval of legal matters by counsel and the satisfaction of other conditions. These conditions include, among others, the continued accuracy of representations and warranties made by us in the underwriting agreement, delivery of legal opinions and the absence of material adverse changes in our assets, business or prospects after the date of this prospectus. The underwriters are obligated to purchase all of our shares of common stock, other than those covered by the over-allotment option described below, if they purchase any of our shares.

The representative of the underwriters has advised us that the underwriters propose to offer the common stock directly to the public at the public offering prices listed on the cover page of this prospectus and to selected dealers, who may include the underwriters, at the public offering price less a selling concession not in excess of $ per share for the common stock. The underwriters may allow, and the selected dealers may reallow, a concession not in excess of $ per share for the common stock to brokers and dealers. After the completion of the offering, the underwriters may change the offering price and other selling terms.

The following table summarizes the underwriting discounts and commissions that we will pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters' over-allotment option to purchase additional shares of common stock.

		Total	
	Price Per Share	Without Over-allotment	With Over-allotment
Public offering price	$	$	$
Underwriting discount	$	$	$

We estimate that the total expenses of the offering, including registration, filing and listing fees, printing fees, blue sky fees and legal, accounting and transfer agent expenses, and roadshow expenses, but excluding underwriting discounts and commissions, will be approximately $. The underwriters may, from time to time, engage in transactions with and perform services for us and our affiliates in the ordinary course of their business.

We have applied to have our common stock listed on The Nasdaq Global Market under the symbol "OFS."

We, each of , and each of our officers and directors, including Messrs. has agreed, for a period of days after the date of this prospectus, not to, directly or indirectly: (a) offer, sell, agree to offer or sell, solicit offers to purchase, grant any call option or purchase any put option with respect to, pledge, borrow or otherwise dispose of any shares of, our common stock, or any securities convertible into, or exercisable or

exchangeable for our common stock, and (b) establish or increase any put equivalent position or liquidate or decrease any call equivalent position with respect to our common stock, or otherwise enter into any swap, derivative or other transaction or arrangement that transfers to another, in whole or in part, any economic consequences of ownership of our common stock, whether or not such transaction would be settled by delivery of common stock or other securities, in cash or otherwise, without, in each case, the prior written consent of FBR Capital Markets & Co., subject to certain specified exceptions.

The restricted period described above is subject to extension under limited circumstances. In the event either: (a) during the last 17 days of the applicable restricted period, we issue an earnings results or material news or a material event relating to us occurs; or (b) before the expiration of the applicable restricted period, we announce that we will release earnings results during the 16-day period following the last day of the applicable period, the "lock up" restrictions described above will, subject to limited exceptions, continue to apply until the expiration of the 18-day period beginning on the date of the release of the earnings results or the occurrence of material news or a material event.

We have granted to the underwriters an option to purchase up to an aggregate of additional shares of common stock, exercisable at the public offering price less the underwriting discount and commissions. The underwriters may exercise this option solely to cover over-allotments, if any, in whole or in part at any time until 30 days after the date of the underwriting agreement. To the extent the option is exercised, each underwriter will be committed, so long as the conditions of the underwriting agreement are satisfied, to purchase a number of additional shares proportionate to that underwriter's initial commitment as indicated in the table at the beginning of this section.

We have agreed to indemnify the underwriters against liabilities related to the offering, including liabilities under the Securities Act and liabilities arising from breaches of the representations and warranties contained in the underwriting agreement, and to contribute to payments that the underwriters may be required to make for these liabilities.

The representative of the underwriters may engage in over-allotment transactions, stabilizing transactions, syndicate covering transactions, penalty bids and passive market making or purchases for the purpose of pegging, fixing or maintaining the price of our common stock in accordance with Regulation M under the Exchange Act.

- Over-allotment transactions involve sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any short position by exercising their over-allotment option and/or purchasing shares in the open market.
- Stabilizing transactions permit bids to purchase the underlying security as long as the stabilizing bids do not exceed a specific maximum.
- Syndicate covering transactions involve purchases of our common stock in the open market after the distribution has been completed to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the prices of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

- Penalty bids permit the representative to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to covers syndicate short positions.
- In passive market making, market makers in the common stock who are underwriters or prospective underwriters may, subject to limitations, make bids for or purchase shares of our common stock until the time, if any, at which a stabilizing bid is made.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or hindering a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the prices that might otherwise exist in the open market. These transactions may be effected on The NASDAQ Global Market or otherwise and, if commenced, may be discontinued at any time.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor any of the underwriters make any representations that the representative of the underwriters will engage in these stabilizing transactions or that any such transaction, once commenced, will not be discontinued without notice.

A prospectus in electronic format may be made available on the websites or through other online services maintained by one or more of the underwriters. In those cases, prospective investors may view offering terms online and, depending upon the particular underwriter, prospective investors may be allowed to place orders online. The underwriters may agree with us to allocate a number of shares for sale to online brokerage account holders. Any such allocations for online distributions will be made by the representative on the same basis as other allocations. Other than the prospectus in electronic format, the information on any underwriter’s website and any information contained in any other website maintained by an underwriter is not part of this prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or any underwriter in its capacity as underwriter and should not be relied upon by investors.

The principal business address of FBR Capital Markets & Co. is 1001 Nineteenth Street North, Arlington, Virginia 22209.

VALIDITY OF COMMON STOCK

The validity of the common stock offered hereby will be passed upon for us by Sullivan & Cromwell LLP, Los Angeles, California. Sullivan & Cromwell LLP also represents OFS Advisor. Certain legal matters in connection with the offering will be passed upon for the underwriters by Nelson Mullins Riley & Scarborough LLP, Washington, D.C.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The consolidated financial statements of OFS Capital, LLC and Subsidiaries (f/k/a: Old Orchard First Source Asset Management, LLC and Subsidiaries) as of December 31, 2010 and 2009 and for the two years ended December 31, 2010 and the financial statements of OFS Capital WM, LLC as of December 31, 2010 and for the period September 28, 2010 (commencement of operations) through December 31, 2010 appearing in this prospectus and registration statement have been audited by McGladrey & Pullen, LLP, an independent registered public accounting firm located at One South Wacker Drive, Chicago, IL 60606, as stated in their report appearing elsewhere herein, and are included in reliance upon such report and upon the authority of such firm as experts in accounting and auditing.

AVAILABLE INFORMATION

We have filed with the SEC a registration statement on Form N-2, together with all amendments and related exhibits, under the Securities Act, with respect to our shares of common stock offered by this prospectus. The registration statement contains additional information about us and our shares of common stock being offered by this prospectus.

Upon completion of this offering, we will file with or submit to the SEC periodic and current reports, proxy statements and other information meeting the informational requirements of the Exchange Act. You may inspect and copy these reports, proxy statements and other information, as well as the registration statement and related exhibits and schedules, at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549-0102. You may obtain information on the operation of the Public Reference Room by calling the SEC at (800) SEC-0330. We maintain a website at http://www.ofscapitalcorp.com and intend to make all of our periodic and current reports, proxy statements and other publicly filed information available, free of charge, on or through our website. Information contained on our website is not incorporated into this prospectus, and you should not consider information on our website to be part of this prospectus. You may also obtain such information by contacting us in writing at 2850 West Golf Road, 5th Floor, Rolling Meadows, Illinois 60008, Attention: Investor Relations. The SEC maintains a website that contains reports, proxy and information statements and other information we file with the SEC at www.sec.gov. Copies of these reports, proxy and information statements and other information may also be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing the SEC's Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549-0102.

INDEX TO FINANCIAL STATEMENTS

OFS CAPITAL, LLC AND SUBSIDIARIES
(f/k/a: Old Orchard First Source Asset Management, LLC and Subsidiaries)

Consolidated Financial Report
December 31, 2010 and 2009

OFS CAPITAL WM, LLC

Financial Report
December 31, 2010

Report of Independent Registered Public Accounting Firm

To the Executive Committee
OFS Capital, LLC
Rolling Meadows, Illinois

We have audited the accompanying consolidated balance sheets of OFS Capital, LLC and Subsidiaries (collectively, the "Company") as of December 31, 2010 and 2009, and the related consolidated statements of operations, changes in members' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with 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 financial statements are free of material misstatement. 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 designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of OFS Capital, LLC and Subsidiaries as of December 31, 2010 and 2009, and the results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

/s/ McGladrey & Pullen, LLP

Chicago, Illinois
March 15, 2011

OFS Capital, LLC and Subsidiaries
(f/k/a: Old Orchard First Source Asset Management, LLC and Subsidiaries)

Consolidated Balance Sheets
(Amounts in thousands)

	December 31, 2010	December 31, 2009
Assets		
Cash and cash equivalents	$ 942	$ 7,373
Loans receivable, net of allowance for losses of $356 and $18,793, respectively	4,265	217,354
Loans receivable pledged to creditors, net of allowance for losses of $1,417 and $0, respectively	81,263	—
Loan held for sale	—	1,731
Interest receivable and other assets	170	538
Interest receivable pledged to creditors	277	—
Deferred financing closing costs, net of accumulated amortization of $3,092 and $2,449, respectively	—	1,500
Deferred offering costs	2,204	—
Equity investment in OFS Capital WM	60,107	—
Other equity investments	4,842	53
Total assets	$ 154,070	$ 228,549
Liabilities and Members' Equity		
Liabilities		
Revolving line of credit	$ —	$ 113,208
Interest payable	—	21
Payable under securities loan agreement	81,351	
Due to affiliated entities, net	1,523	3,914
Accrued expenses and accounts payable	1,674	56
Total liabilities	84,548	117,199
Commitments and Contingencies		
Members' equity	69,522	111,350
Total liabilities and members' equity	$ 154,070	$ 228,549

See Notes to Consolidated Financial Statements.

OFS Capital, LLC and Subsidiaries
(f/k/a: Old Orchard First Source Asset Management, LLC and Subsidiaries)

Consolidated Statements of Operations
(Amounts in thousands)

	For the Years Ended December 31,	
	2010	2009
Interest income:		
Interest and fees on loans	$10,253	$16,812
Interest and dividends on securities	—	244
Interest from related party	—	467
Total interest income	10,253	17,523
Interest expense:		
Interest on borrowed funds	3,654	6,772
Interest to related party	—	359
Total interest expense	3,654	7,131
Net interest income	6,599	10,392
Loan loss provision (recovery)	(2,390)	6,886
Net interest income after loan loss provision (recovery)	8,989	3,506
Non interest income:		
Gain on sale of equity investments	—	188
Gain on sale of loans, net	—	924
Gain on sale of Vidalia interest	—	4,918
Gain on restructuring of loans	152	—
Writedown of affiliated structured security	—	(346)
Impairment of other equity interests	—	(473)
Management fee income - related party	—	4,575
Income from Vidalia	—	522
Income from equity interest in OFS Capital WM	2,353	—
Fee income	185	1,069
Other income	52	203
Unrealized gain on warrants	19	—
Total non interest income	2,761	11,580
Non interest expenses:		
Amortization of deferred financing closing costs	643	1,050
Write-off of unamortized deferred financing closing costs	857	2,008
Loss on sale of loans, net	1,641	—
Unrealized loss on payable under securities loan agreement	1,058	—
Management fee expense - related party	1,850	—
Compensation and benefits	—	5,211
Professional fees	194	2,182
Consulting fees - related party	—	180
Other administrative expenses	268	1,233
Total non interest expense	6,511	11,864
Income before income tax benefit	5,239	3,222
Income tax benefit	—	(36)
Net income	$ 5,239	$ 3,258

See Notes to Consolidated Financial Statements.

OFS Capital, LLC and Subsidiaries
(f/k/a: Old Orchard First Source Asset Management, LLC and Subsidiaries)

Consolidated Statements of Changes in Members' Equity
(Amounts in thousands)

	For the Years Ended December 31,	
	2010	2009
Members' equity, January 1, 2010 and 2009, respectively	$111,350	$125,037
Net income	5,239	3,258
Contributions	19,942	—
Corporate reorganization distribution	—	(13,305)
Distributions	(67,009)	(3,640)
Members' equity, December 31, 2010 and 2009, respectively	$ 69,522	$111,350

See Notes to Consolidated Financial Statements.

OFS Capital, LLC and Subsidiaries
(f/k/a: Old Orchard First Source Asset Management, LLC and Subsidiaries)

Consolidated Statements of Cash Flows
(Amounts in thousands)

	For the Years Ended December 31,	
	2010	2009
Cash Flows From Operating Activities		
Net income	$ 5,239	$ 3,258
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization and write-off of deferred financing closing costs	1,500	3,058
Depreciation	—	59
Amortization of loan premium	22	13
Amortization of deferred fee revenue	(499)	(856)
Amortization of deferred origination cost	81	112
Cash collection of deferred fee revenue	139	685
Reversal of paid-in-kind interest income on non-accrual loans	482	458
Loan loss provision (recovery)	(2,390)	6,886
Gain on sale of equity investments	—	(188)
(Gain) loss on sale of loans, net	1,641	(924)
Gain on loan restructurings	(152)	—
Gain on sale of Vidalia interest	—	(4,918)
Income from equity investment in OFS Capital WM	(2,353)	—
Income from Vidalia	—	(522)
Writedown of affiliated structured security	—	346
Impairment of other equity interests	—	473
Equity interest received in debt restructuring	—	(53)
Deferred tax asset	—	(126)
Unrealized gain on warrants	(19)	—
Unrealized loss on payable under securities loan agreement	1,058	—
Changes in operating assets and liabilities:		
Interest and fee receivable	562	807
Accrued paid-in-kind interest	(933)	(969)
Interest receivable due from members	—	(467)
Fee receivable from related party	—	(492)
Prepaid expenses and other current assets	(167)	(28)
Interest payable	(20)	(28)
Due to affiliated entities	(665)	—
Accrued expenses and accounts payable	(60)	58
Net cash provided by operating activities	3,466	6,642
Cash Flows From Investing Activities		
Loan receivables originations	(550)	—
Loan receivables collections and payoffs	25,452	25,550
Collections and payoffs on loans receivable pledged to creditors	13,944	—
Interest receivable pledged to creditors	(546)	—
Collections on interest receivable pledged to creditors	269	—
Net paydown (advance) on revolving lines of credit to borrowers	(1,655)	912
Change in restricted cash balance	—	1,910
Purchases of fixed and other assets	—	(14)
Purchases of structured securities	—	(735)
Return of capital from investment in affiliated structured security	—	22
Payments received from Vidalia investment	—	2,040
Proceeds from sale of equity investments	—	188
Proceeds from sale of Vidalia interest, net of closing costs	—	33,579
Proceeds from sale of loans and structured securities	29,395	9,425
Investments in OFS Capital WM	(411)	—
Net cash provided by investing activities	65,898	72,877

(Continued)

OFS Capital, LLC and Subsidiaries
(f/k/a: Old Orchard First Source Asset Management, LLC and Subsidiaries)

Consolidated Statements of Cash Flows
(Amounts in thousands)

	For the Years Ended December 31,	
	2010	2009
Cash Flows From Financing Activities		
Repayment of advance due to affiliated entities	$ (1,829)	$ —
Advance from affiliated entities	1,395	—
Payable under loan securities agreement	36,255	—
Repayment of payable under loan securities agreement	(13,305)	—
Contribution from member	19,942	—
Distributions to members	(4,523)	(3,365)
Payments to former member	—	(500)
Proceeds from revolving line of credit from lender	14,282	4,687
Repayment of revolving line of credit to lender	(127,488)	(106,329)
Payment of financing closing costs	—	(147)
Cash transferred from corporate reorganization	—	(2,103)
Deferred offering costs	(524)	—
Net cash used in financing activities	(75,795)	(107,757)
Net decrease in cash and cash equivalents	$ (6,431)	$ (28,238)
Cash and cash equivalents — beginning of year	7,373	35,611
Cash and cash equivalents — end of year	$ 942	$ 7,373
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for interest	$ 1,579	$ 7,159
Cash paid during the period for income taxes	—	3
Supplemental Disclosure of Noncash Financing and Investing Activities:		
Member distributions declared but not paid	$ —	$ 1,100
Loans in exchange for equity interests during loan restructurings	12,708	2,690
Reversal of loan loss reserve for loans exchanged for equity in loan restructurings	6,487	2,690
Loans distributed to OFSAM on September 28, 2010	67,248	—
Equity interests distributed to OFSAM on September 28, 2010	1,533	—
Loan held for sale distributed to OFSAM on September 28, 2010	1,860	—
Reversal of loan loss reserve for loans distributed to OFSAM	6,736	—
Write-off of loan discounts upon OFSAM loan distribution, net	143	—
100% equity interest in OFS Capital WM received as part of the consideration for loans transferred to OFS Capital WM on September 28, 2010	57,343	—
Reclassification of loans to loan held for sale	5,000	—
Reversal of loan loss reserve for loan sold	459	—

(Continued)

OFS Capital, LLC and Subsidiaries
(f/k/a: Old Orchard First Source Asset Management, LLC and Subsidiaries)

Consolidated Statements of Cash Flows
(Amounts in thousands)

	For the Years Ended December 31,	
	2010	2009
Supplemental Disclosure of Noncash Financing and Investing Activities:		
December 31, 2009 corporate reorganization distribution		
Interest and fee receivable	$ —	$ 98
Interest and fee receivable due from members	—	627
Fee receivable due from related party	—	635
Other receivable	—	697
Due from affiliated entities	—	3,914
Loans receivable, net of allowances for losses of $5,531	—	5,851
Investment in structured securities	—	9,000
Investment in affiliated structured security	—	1,973
Other assets	—	729
Note payable due to former member	—	(9,173)
Interest payable due to former member	—	(61)
Member distributions declared but not paid	—	(1,100)
Accounts payable and accrued expenses	—	(1,988)
	$ —	$ 11,202

See Notes to Consolidated Financial Statements.

OFS Capital, LLC and Subsidiaries

Notes to Consolidated Financial Statements
(Amounts in thousands)

Note 1. Nature of Business

Organization: OFS Capital, LLC (f/k/a: Old Orchard First Source Asset Management, LLC) ("OFS Capital", the "Company", or "we") and affiliates is a finance company and invests primarily in loans and other assets for its own account. Prior to the December 31, 2009 corporate reorganization (see **Reorganization** below for more information), it was the holding company for a group of wholly owned subsidiaries including OFS Finance, LLC ("Finance"), OFS Funding LLC ("Funding"), OFS Funding I, LLC ("Funding I"), Orchard Plainfield Investments, LLC, OFS Agency Services, LLC, and Orchard First Source Capital, Inc. ("OFSC"); was a manager of a collateralized loan obligation (the "CLO"); and owned 5.65% of the income notes of the CLO, known as OFSI Fund III, Ltd., which is a Passive Foreign Investment Corporation.

Reorganization: On December 31, 2009, the Company completed a reorganization (Reorganization) in connection with which:

- A new holding entity named New Orchard First Source Asset Management, LLC (subsequently renamed "Orchard First Source Asset Management, LLC") ("OFSAM") was created;
- The Company was renamed Old Orchard First Source Asset Management, LLC, and then OFS Capital, LLC in March 2010;
- The members of OFS Capital contributed all their interests in OFS Capital to OFSAM and as of December 31, 2009, owned the same respective interests in OFSAM as they owned in OFS Capital;
- OFS Capital became a direct wholly owned subsidiary of OFSAM; and
- OFS Capital and its wholly owned direct subsidiary, Finance, transferred substantially all of their assets to OFSAM, excluding OFS Capital's direct ownership interest in Finance and Finance's direct ownership interest in Funding, which were formed for the purpose of generating and holding middle market debt instruments.

The Reorganization was accounted for at historical cost since it represented transfers and exchanges among entities under common control. Accordingly, no gain or loss was recognized from the Reorganization.

OFS Capital, LLC and Subsidiaries

Notes to Consolidated Financial Statements
(Amounts in thousands)

Note 1. Nature of Business (Continued)

The following pro forma presentation assumes the Reorganization took place on January 1, 2009 and shows the pro forma effect on income from operations:

	Year Ended December 31, 2009	
	Historical	Pro Forma (Unaudited)
Interest income:		
Interest and fees on loans	$16,812	$ 14,845
Interest and dividends on securities	244	115
Interest from related party	467	—
Total interest income	17,523	14,960
Interest expense:		
Interest on borrowed funds	6,772	6,772
Interest to related party	359	—
Total interest expense	7,131	6,772
Net interest income	10,392	8,188
Loan loss provision	6,886	7,189
Net interest income after loan loss provision	3,506	999
Non interest income:		
Gain on sale of equity investments	188	—
Gain on sale of loans, net	924	—
Gain on sale of Vidalia interest	4,918	4,918
Writedown of affiliated structured security	(346)	—
Impairment of other equity interests	(473)	(344)
Management fee income - related party	4,575	—
Income from Vidalia	522	522
Fee income	1,069	488
Other income (expense)	203	(86)
Total non interest income	11,580	5,498
Non interest expenses:		
Amortization of deferred financing closing costs	1,050	1,050
Write-off of unamortized deferred financing closing costs	2,008	2,008
Management fee expense - related party	—	2,762
Compensation and benefits	5,211	—
Professional fees	2,182	214
Consulting fees - related party	180	—
Other administrative expenses	1,233	165
Total non interest expense	11,864	6,199
Income before income tax benefit	3,222	298
Income tax benefit	(36)	—
Net income	$ 3,258	$ 298

OFS Capital, LLC and Subsidiaries

Notes to Consolidated Financial Statements
(Amounts in thousands)

Note 1. Nature of Business (Continued)

Effective September 22, 2010, Finance was merged with and into OFS Capital and Finance ceased to exist as a separate entity. Accordingly, the 100% membership interest in Funding previously held by Finance was transferred by virtue of the merger to OFS Capital.

On September 28, 2010, as a result of the OFS Capital WM Transaction (as defined and described in more detail in Note 3), OFS Capital became the 100% equity owner of OFS Capital WM, LLC ("OFS Capital WM").

From time to time, the term OFS Capital, the Company, or we may be used herein to refer to OFS Capital, individually, or OFS Capital and/or one or more of its affiliates either collectively or individually.

Note 2. Summary of Significant Accounting Policies

Principles of consolidation: The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary—Funding. The Company consolidates an affiliated subsidiary if it owns more than 50 percent of the subsidiary's equity, with the exception of OFS Capital WM. All intercompany balances and transactions have been eliminated in consolidation.

OFS Capital WM is a recently formed wholly owned subsidiary of OFS Capital with the limited purpose of holding, acquiring, managing and financing senior secured loan investments to middle-market companies in the United States. The Company has determined that OFS Capital WM is a variable interest entity ("VIE") of OFS Capital under the applicable provisions of FASB Accounting Standards Codification Topic 810 (ASC Topic 810). OFS Capital, as the owner of 100% of the equity of OFS Capital WM, has the obligation to absorb losses and the right to receive benefits, either of which could be significant to the VIE. However, despite its 100% equity interest in OFS Capital WM, OFS Capital is not the primary beneficiary of OFS Capital WM as OFS Capital lacks the power, through voting interests or similar rights, to direct the activities of OFS Capital WM that most significantly impact its economic performance.

The Company has concluded that MCF Capital Management, LLC (the "Loan Manager") is the primary beneficiary of OFS Capital WM. Under the terms of the loan facility of OFS Capital WM, the Loan Manager has the authority to service, administer and exercise rights and remedies in respect of the assets in OFS Capital WM's portfolio. The Loan Manager also has the authority to determine whether to cause assets to be sold or acquired by OFS Capital WM, subject to certain limited circumstances where the Company has consent rights (which rights were further limited pursuant to an Amended and Restated Consent Procedures Letter effective February 23, 2011), as administrative manager of OFS Capital WM. OFS Capital carries out limited duties of OFS Capital WM. For its service, the Loan Manager receives a fee as defined by the loan documents entered into on September 28, 2010 among OFS Capital WM, the Loan Manager, and the lenders to OFS Capital WM under the loan documents. Madison Capital Funding, LLC ("Madison Capital") is an affiliated entity of the Loan Manager and provides a portion of the loan facility to OFS Capital WM. The Company believes the Loan Manager's right to receive a loan management fee from OFS Capital WM, the interest of its related party in the class B loans of OFS Capital WM, and the implicit financial responsibility of the Loan Manager to ensure the VIE operates as designed are significant to OFS Capital WM.

Since the Loan Manager is the primary beneficiary of OFS Capital WM, the Company will not consolidate the financial statements of OFS Capital WM but instead account for its ownership interest under the equity method of accounting. As of December 31, 2010, the Company's equity interest in OFS Capital WM was carried at $60,107. See Note 3 for more details about OFS Capital WM and the September 28, 2010 OFS Capital WM Transaction.

OFS Capital, LLC and Subsidiaries

Notes to Consolidated Financial Statements
(Amounts in thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

Accounting policies: The Company follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets generally accepted accounting principles ("GAAP") that the Company follows to ensure consistent reporting of financial condition, results of operations and cash flows. In June 2009, the FASB issued *SFAS No. 168, FASB Accounting Standards Codification*™ ("Codification") and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162 ("SFAS 168") (ASC Topic 105), which is the single source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. The Codification does not change GAAP, but combines all authoritative standards into a comprehensive, topically organized online database. One level of authoritative GAAP exists, other than guidance issued by the Securities and Exchange Commission ("SEC"). All other accounting literature excluded from the Codification is considered non-authoritative. The Codification was made effective by the FASB for periods ending on or after September 15, 2009. These consolidated financial statements reflect the guidance in the Codification.

Use of estimates: The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas where the Company uses estimates are the determination of the allowance for loan losses, valuation of equity investments, and the fair value of financial instruments. Actual results could differ from those estimates.

Cash and cash equivalents: Cash and cash equivalents consist of cash and highly liquid investments not held for resale with original maturities of three months or less. Prior to the payoff of the revolving line of credit ("LOC") on September 28, 2010 (see Note 6), with the exception of periodic distributions to OFS Capital, the cash held in Funding was not freely available for OFS Capital's general operations. Such cash was primarily available to repay indebtedness under the LOC Amended and Restated Sale and Servicing Agreement (the "Amended SSA"). On September 28, 2010, upon payoff of the outstanding loan balance and termination of the LOC, this restriction no longer existed. The total amount of cash held by Funding was $5,933 as of December 31, 2009.

Loans receivable: Loans receivable are recorded at cost.

Allowances for loan losses: The allowance for loan losses represents management's estimate of probable losses inherent in the loan portfolio as of the balance sheet date. When determining the adequacy of the allowance for loan losses, the following factors are considered: historical internal experience and current industry conditions, economic conditions and trends, credit quality trends and other factors deemed relevant. Additions to the allowance are charged to current period earnings through the provision for loan losses. Periodically, management may determine that it is appropriate to charge-off a portion of an existing loan. Upon the resolution of a loan that has remaining outstanding amounts that have been reserved for and are determined to be uncollectible, such amounts are charged off directly against the allowance for loan losses. To the extent that an amount was not reserved, then this amount is charged off through the provision for loan losses on the consolidated statement of operations.

A company's allowance for loan losses consists of two components, a general reserve component and a specific reserve component.

OFS Capital, LLC and Subsidiaries

Notes to Consolidated Financial Statements
(Amounts in thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

The general component of the allowance for loan losses is determined in accordance with Statement of Financial Accounting Standards (SFAS) No. 5, *Accounting for Contingencies* (ASC Topic 450). The general component represents a company's estimate of losses inherent, but unidentified, in its portfolio as of the balance sheet date. The general component of the allowance for loan losses is estimated based upon a review of the loan portfolio's risk characteristics and analysis of the loans in the portfolio to arrive at an estimated probability of default and estimated severity of loss based, among other things, on loan type, internal risk rating, and overall consideration of general economic conditions and trends.

The specifically allocated component of a company's allowance for loan losses is generated from individual loans that are impaired and is determined in accordance with SFAS No. 114, *Accounting by Creditors for Impairment of a Loan* (ASC Topic 310). The Company considers a loan to be impaired when, based on current information and events, it believes it is probable that it will be unable to collect all contractual principal and interest amounts due on the loan.

Non-accrual loans: Loans on which the accrual of interest income has been discontinued are designated as non-accrual loans, and further designated as either non-accrual cash method or non-accrual cost recovery method. Loans are generally placed on non-accrual when a loan either: (i) is delinquent for 90 days or more on principal or interest based on contractual terms of the loan (unless well secured and in the process of collection), or (ii) in the opinion of OFS Capital's management, there is reasonable doubt about the collectability. When loans are placed on non-accrual status, all interest previously accrued but not collected is reversed against current period interest income. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment. Interest accruals are resumed on non-accrual loans only when they are brought current with respect to interest and principal and when, in the judgment of management, the loans are estimated to be fully collectible as to all principal and interest.

Loan origination fees and costs: Loan origination fees and costs are deferred, recorded as part of loans receivable and amortized over the life of the loan as an adjustment to the yield in interest income. On September 28, 2010, in connection with the loans distributed by the Company to OFSAM (see Note 4), the Company transferred all unamortized loan origination fees and costs on loans distributed to OFSAM in the total amount of $143. At December 31, 2010 and 2009, unamortized loan origination fees and costs were $356 and $628, respectively. For the years ended December 31, 2010 and 2009, the Company recognized net loan origination fee income of $448 and $731, respectively.

Loans held for sale: Once the Company has made a decision to sell loans not previously classified as held for sale, such loans are transferred into held-for-sale classification and carried at the lower of cost or fair value. At the time of the transfer into the held-for-sale classification, any amount by which cost exceeds fair value is accounted for as a valuation allowance.

Troubled debt restructuring: A loan is classified as a troubled debt restructuring if the Company, for economic or legal reasons related to the borrower's financial difficulties, grants a concession (or concessions) to the borrower that it would not otherwise consider. Such concessions may include rate reductions, principal forgiveness, extension of maturity date and other actions intended to minimize potential losses.

Deferred financing closing costs: Deferred financing closing costs represent fees and other direct incremental costs incurred in connection with the Company's borrowings. These amounts were amortized over the estimated average life of the borrowings. For the years ended December 31, 2010 and 2009, amortization expense amounted to $643 and $1,050, respectively. In January 2009, in connection with its voluntary reduction

OFS Capital, LLC and Subsidiaries

Notes to Consolidated Financial Statements
(Amounts in thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

of the LOC, the Company wrote off the then unamortized deferred financing closing costs in the amount of $2,008 in proportion to the reduction of its loan capacity. The remaining unamortized deferred financing closing costs relating to the original Sale and Servicing Agreement were amortized over the term of the Amended SSA (see Note 6). On September 28, 2010, upon payoff of the outstanding loan balance under the LOC, the Company wrote off the remaining unamortized deferred financing closing costs in the amount of $857 (see Note 6).

Deferred offering costs: The Company defers costs related to its proposed public offering until completion of the offering. These costs included professional fees, registration costs, printing, and other miscellaneous offering costs. As of December 31, 2010, the Company has recorded $2,204 of deferred offering costs, of which $1,674 was unpaid and accrued for at December 31, 2010.

Equity investments: The Company has received various equity ownership interests from its borrowers as partial consideration for loan modifications or restructurings or from exercising its rights under various loan documents. The Company applies foreclosure accounting and records these equity interests at fair value at the time of the loan restructurings. The equity interests are reviewed subsequently for potential impairment. In January 2010, the Company received equity interests from borrowers during loan restructurings, which were valued at $4,396. In July 2010, the Company received an additional equity interest from a borrower during a loan restructuring, which was valued at $1,825. On September 28, 2010, in connection with the loan distribution to OFSAM, the Company also distributed equity interests to OFSAM with the carrying value of $1,533.

In connection with certain lending arrangements, the Company received warrants to purchase shares of stock from the borrowers. Because the warrant agreements contain net exercise or “cashless” exercise provisions, the warrants qualify as derivative instruments under ASC Topic 815. The warrants are considered loan fees and are recorded as unearned loan income on the grant date. The unearned income is recognized as interest income over the contractual life of the related loan in accordance with the Company’s income recognition policy. As all the warrants held are deemed to be derivative, they are periodically measured at fair value. Any adjustment to fair value is recorded through earnings as net unrealized gain or loss on warrants. Gain from the disposition of the warrants, or stock acquired from the exercise of warrants, are recognized as realized gains on warrants. During the fourth quarter of 2009, the Company received the initial two warrants issued by one borrower, which were valued at an aggregate of $53 at December 31, 2009. In February 2011, in connection with the payoff of the restructured debt by the borrower, as prescribed by the restructured loan agreement, the Company forfeited its rights under these two warrants. As a result, as of December 31, 2010, the Company wrote off these two warrants and reversed the unrealized gain (loss) recognized on the warrants in 2010. During 2010, the Company received three additional warrants issued by another borrower, which were valued by the Company at $156. These warrants were reported as part of equity investments in the accompanying consolidated balance sheets. For the year ended December 31, 2010, the Company recorded an unrealized gain on warrants of $19. The Company did not recognize any unrealized gain or loss on warrants in 2009.

On September 28, 2010, as a result of the OFS Capital WM Transaction (see Note 3), the Company received 100% of the equity ownership interest in OFS Capital WM. The Company does not consolidate its investment in OFS Capital WM but applies the equity method of accounting for its investment in OFS Capital WM. Under the equity method of accounting, the Company records its investment in OFS Capital WM as an asset on its consolidated balance sheet. The Company’s 100% share of the net income or loss of OFS Capital WM is included in “Income (loss) from equity interest in OFS Capital WM” in the consolidated statements of operations. On September 28, 2010, the Company’s equity investment in OFS Capital WM was recorded at $57,743, which equaled the fair value of the equity of OFS Capital WM on the date of the OFS Capital WM

OFS Capital, LLC and Subsidiaries

Notes to Consolidated Financial Statements
(Amounts in thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

Transaction. The Company made an additional investment of $11 during the fourth quarter of 2010. As of December 31, 2010, the Company's equity investment in OFS Capital WM was carried at $60,107.

Interest income: Interest on loans is credited to income as earned. Interest receivable is accrued only if deemed collectible. The Company accrues interest income until certain events take place, which may place a loan into a non-accrual status. For loans with contractual payment-in-kind interest, which represents contractual interest accrued and added to the principal balance that generally becomes due at maturity, the Company will not accrue payment-in-kind interest if the portfolio company valuation indicates that the payment-in-kind interest is not collectible.

Interest expense: Interest expense is recognized on the accrual basis.

Concentration of credit risk: Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits at financial institutions. At various times during the year, the Company may exceed the federally insured limits. To mitigate this risk, the Company places cash deposits only with high credit quality institutions. Management believes the risk of loss is minimal.

Income taxes: OFS Capital does not record a provision for federal income taxes or deferred tax benefits because its income is taxable to its member. The financial statements, therefore, reflect OFS Capital's transactions without adjustments required for federal income tax purposes with the exception of appropriate federal and state income tax provisions for OFSC through December 31, 2009, as this entity is a corporation and income taxes are accrued and paid based on this entity's taxable income. On December 31, 2009, as a result of the Reorganization, OFS Capital transferred its 100% stock ownership interest in OFSC to OFSAM.

The Company follows the guidance in FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, ("FIN 48") (*ASC Topic 740*)*. FIN 48 (ASC Topic 740) clarifies the accounting for uncertainty in income taxes recognized in companies' financial statements in accordance with tax accounting standards. FIN 48 (ASC Topic 740) prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The evaluation of a tax position in accordance with FIN 48 is a two-step process. The first step is recognition: the Company determines whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, the Company should presume that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. The second step is measurement: a tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. FIN 48 (ASC Topic 740) also provides guidance on derecognition of recognized tax benefits, classification, interest and penalties, accounting in interim periods, disclosure and transition. In May 2007, the FASB issued FASB Staff Position No. FIN 48-1, *Definition of Settlement in FASB Interpretation No. 48* ("FSP FIN 48-1") (ASC Topic 740), which provides guidance on how a company should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits. The Company adopted FIN 48 (ASC Topic 740) at January 1, 2009 and has applied the provisions of FSP FIN 48-1. The application of FIN 48 (ASC Topic 740) did not have a significant effect on the Company's financial position or its results of operations and there were no material uncertain income tax positions at December 31, 2010 and for the years ended December 31, 2010 and 2009. The Company is not subject to examination by U.S. federal or state tax authorities for tax years before 2007.

OFS Capital, LLC and Subsidiaries

Notes to Consolidated Financial Statements
(Amounts in thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

Reporting segments: In accordance with segment guidance set by Statement of Financial Accounting Standards (SFAS) No. 131, *Disclosures about Segments of an Enterprise and Related Information* (ASC Topic 280), the Company has determined that it has a single reporting segment and operating unit structure.

Recent accounting pronouncements: In January 2010, the FASB issued ASU No. 2010-06—*Fair Value Measurements and Disclosure (*ASC Topic 820*) —Improving Disclosures about Fair Value Measurements* ("ASU 2010-6"). ASU 2010-06 amends ASC Topic 820 to add new requirements for disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances and settlements relating to Level 3 measurements. ASU 2010-06 also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. The adoption of this pronouncement did not have a material impact on the Company's financial position, results of operations or cash flows.

In February 2010, the FASB amended its authoritative guidance related to subsequent events to alleviate potential conflicts with current SEC guidance. Effective immediately, these amendments remove the requirement that an SEC filer disclose the date through which it has evaluated subsequent events. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In July 2010, the FASB issued ASU 2010-20, *Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*. This ASU will help investors assess the credit risk of a company's receivables portfolio and the adequacy of its allowance for credit losses held against the portfolios by expanding credit risk disclosures. This ASU requires more information about the credit quality of financing receivables in the disclosures to financial statements, such as aging information and credit quality indicators. Both new and existing disclosures must be disaggregated by portfolio segment or class. The disaggregation of information is based on how a company develops its allowance for credit losses and how it manages its credit exposure. The ASU is effective for non-SEC registrants for annual reporting periods ending on or after December 15, 2011. The adoption of ASU 2010-20 is not expected to have a significant impact on the Company's consolidated financial position or results of operations.

ASC Topic 310 "Receivables." New authoritative accounting guidance under ASC Topic 310, "Receivables," amended prior guidance to provide a greater level of disaggregated information about the credit quality of loans and leases and the Allowance for Loan and Lease Losses (the "Allowance"). The new authoritative guidance also requires additional disclosures related to credit quality indicators, past due information, and information related to loans modified in a troubled debt restructuring. The provisions of the new authoritative guidance under ASC Topic 310 will be effective in the reporting period ending December 31, 2010. The new authoritative guidance amends only the disclosure requirements for loans and leases and the allowance; the adoption did not have an impact on the Company's statements of income and financial condition.

FASB ASC 310 Receivables, Sub-Topic 310-30 Loans and Debt Securities Acquired with Deteriorated Credit Quality ("Subtopic 310-30") was amended to clarify that modifications of loans that are accounted for within a pool under Subtopic 310-30 do not result in the removal of those loans from the pool even if the modification would otherwise be considered a troubled debt restructuring. The amendments do not affect the accounting for loans under the scope of Subtopic 310-30 that are not accounted for within pools. Loans accounted for individually under Subtopic 310-30 continue to be subject to the troubled debt restructuring accounting provisions within ASC 310 Subtopic 310-40 Troubled Debt Restructurings by Creditors. The new authoritative accounting guidance under Subtopic 310-30 became effective in the third quarter of 2010 and did not have an impact on the Company's financial statements.

OFS Capital, LLC and Subsidiaries

Notes to Consolidated Financial Statements
(Amounts in thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

Reclassifications: Certain amounts previously reported have been reclassified where appropriate to conform to the current year's presentation. These reclassifications have no effect on the reported net income for 2009.

Note 3. OFS Capital WM, LLC Transaction and Subsequent Events

On September 28, 2010, OFS Capital entered into a Loan Sale Agreement with OFS Capital WM, pursuant to which OFS Capital transferred eligible loans or its 100% participating interest in certain loans as defined by the agreement ("Eligible Loans") with $96,906 in principal to OFS Capital WM in exchange for cash of $36,255 and a 100% ownership interest in OFS Capital WM ("OFS Capital WM Transaction"). These loans were transferred to OFS Capital from Funding immediately prior to the closing of the OFS Capital WM Transaction.

The OFS Capital WM Transaction was a true sale for legal purposes. Under the Loan Sale Agreement and other applicable transaction documents (collectively, the "Loan Documents"), dated September 28, 2010, OFS Capital is not permitted to revoke the sale. Wells Fargo Delaware Trust Company, N.A., acts as the trustee for the benefit of the lenders under the credit facility that forms part of the Loan Documents. The Eligible Loans are pledged by OFS Capital WM to the trustee for the benefit of the lenders. OFS Capital is not entitled or obligated to repurchase or redeem the Eligible Loans, other than a customary obligation to repurchase loans for breach of representations and warranties with respect to the eligibility of such loans. In addition, OFS Capital had the right, at its option, to purchase loans then owned by OFS Capital WM, at fair value, subject to a 20% purchase and substitution limit as prescribed in the Loan Documents (the "Call Right").

OFS Capital accounted for the OFS Capital WM Transaction as a secured borrowing in accordance with the relevant provisions under ASC Topic 860 (Transfers and Servicing). Accordingly, on September 28, 2010, OFS Capital reclassified the loans it transferred to OFS Capital WM to loans receivable pledged to creditors with a carrying value of $94,442, net of allowance for loan losses of $2,181 and unamortized discount of $283, on its consolidated balance sheet. As of December 31, 2010, the carrying value of the loans receivable pledged to creditors was $81,263, net of allowance for loan losses of $1,417. OFS Capital also recognized interest income on loans pledged to creditors for the period September 29, 2010 through December 31, 2010 in the amount of $1,441 and recorded a corresponding interest receivable pledged to creditors of the same amount. The outstanding balance on interest receivable pledged to creditors was $277 at December 31, 2010. In addition, on September 28, 2010, in consideration for the cash and 100% equity interest in OFS Capital WM, the Company recorded a corresponding payable under securities loan agreement totaling $93,597. Interest expense incurred on this payable for the period September 29, 2010 through December 31, 2010 was $1,441. As of December 31, 2010, the outstanding balance of payable under securities loan agreement was $81,351, which reflected an unrealized loss of $1,058 as a result of the unrealized appreciation of the Eligible Loans pledged to creditors for the period September 28, 2010 through December 31, 2010. Furthermore, on September 28, 2010, the Company made an additional investment of $401 in OFS Capital WM to fund unpaid financing costs of OFS Capital WM related to the OFS Capital WM Transaction.

Subsequently, effective February 23, 2011, the Company amended the Loan Documents pursuant to which the Call Right and certain other rights of OFS Capital were removed. This amendment was entered into to ensure that the original intent of the parties to treat the OFS Capital WM Transaction as a true sale for both legal and accounting purposes is satisfied and to eliminate any provision that may be interpreted as contrary to that intent.

The following pro forma presentation assumes the above mentioned subsequent amendment of the Loan Documents took place on December 31, 2010, which would have resulted in the sale accounting treatment of the OFS Capital WM Transaction. Under the sale accounting, the carrying value of the loans pledged to creditors,

OFS Capital, LLC and Subsidiaries

Notes to Consolidated Financial Statements
(Amounts in thousands)

Note 3. OFS Capital WM, LLC Transaction and Subsequent Events (Continued)

interest receivable pledged to creditors, and the payable under securities agreement will be derecognized. The difference between the receivables pledged to creditors and payable under securities agreement, net of the increase in our equity interest in OFS Capital WM, will be recognized as a loss from the sale in the amount of $189.

	December 31, 2010		
	Historical	Sale Accounting Adjustment	Pro Forma after Sale Accounting Adjustment
Assets			
Cash and cash equivalents	$ 942	$ —	$ 942
Loans receivable, net of allowance for losses of $356	4,265	—	4,265
Loans receivable pledged to creditors, net of allowance for losses of $1,417	81,263	(81,263)	—
Interest receivable and other assets	170	—	170
Interest receivable pledged to creditors	277	(277)	—
Deferred offering costs	2,204	—	2,204
Equity investments in OFS Capital WM	60,107	—	60,107
Other equity investments	4,842	—	4,842
Total assets	$154,070	$ (81,540)	$ 72,530
Liabilities and Members' Equity			
Liabilities			
Due to affiliated entities, net	$ 1,523	$ —	$ 1,523
Accrued expenses	1,674	—	1,674
Payable under securities loan agreement	81,351	(81,351)	—
Total liabilities	84,548	(81,351)	3,197
Commitments and Contingencies			
Members' equity	69,522	(189)	69,333
Total liabilities and members' equity	$154,070	$ (81,540)	$ 72,530

On September 28, 2010, concurrent with the OFS Capital WM Transaction, the Company applied all the cash proceeds from the OFS Capital WM Transaction in the amount of $36,255, together with the cash contributed by its parent, OFSAM (see Note 4) in the amount of $19,525, plus cash on hand of $3,617, to pay off Funding's then outstanding principal and interest balance under its LOC of $56,655 (see Note 6). In addition, on September 28, 2010, Funding distributed to its parent, OFS Capital, which in turn distributed to OFSAM, loans or its 100% participating interest in certain loans with an aggregate carrying value of $60,512 and equity interests with an aggregate carrying value of $1,533 ("OFSAM Asset Distribution"; see Note 4).

OFS Capital, LLC and Subsidiaries

Notes to Consolidated Financial Statements
(Amounts in thousands)

Note 3. OFS Capital WM, LLC Transaction and Subsequent Events (Continued)

The following pro forma presentation assumes that 1) the OFS Capital WM Transaction; 2) the OFSAM Asset Distribution, 3) Funding's payoff of its obligations under the LOC, and 4) the February 2011 amendments to the Loan Documents related to the OFS Capital WM Transaction, took place on January 1, 2010 and shows the pro forma effect on net income:

	Year Ended December 31, 2010	
	Historical	Pro Forma
Interest income	$ 10,253	$ 2,291
Interest expense	3,654	—
Net interest income	6,599	2,291
Loan loss recovery	(2,390)	(2,155)
Net interest income after loan loss recovery	8,989	4,446
Non interest income	2,761	2,524
Non interest expenses:	6,511	1,894
Net income	5,239	5,076

The above pro forma presentation includes the following adjustments and assumptions:

- Elimination of 1) interest and fee income on loans transferred to OFS Capital WM and OFSAM as a result of the OFS Capital WM Transaction and the OFSAM Asset Distribution, and 2) interest and fee income on all loans sold to other third parties during 2010 assuming those loans would have been either transferred to OFS Capital WM or distributed in the OFSAM Asset Distribution, on January 1, 2010. Total elimination amount was $10,212.
- Elimination of interest expense incurred on the LOC in the amount of $3,654.
- Decrease of loan loss recovery by $235 to eliminate the loan loss recovery on loans transferred to OFS Capital WM and OFSAM.
- Dividend income of $2,250 from OFS Capital WM assuming OFS Capital WM makes a cash distribution to OFS Capital in an amount equal to all of its interest income for the period January 1 through September 28, 2010 in respect of the loans transferred to OFS Capital WM in excess of the estimated cash expenses of OFS Capital WM for such period.
- Elimination of fee and other income on loans transferred to OFS Capital WM and OFSAM as a result of the OFS Capital WM Transaction and OFSAM Asset Distribution, in the total amount of $237.
- Elimination of amortization and write-off of deferred financing closing costs related to the LOC in the amount of $1,500.
- Elimination of net loss on sale of loans to various third parties during 2010 of $1,641, assuming those loans would have been transferred to OFS Capital WM or distributed to OFSAM on January 1, 2010.
- Elimination of servicing fee of $1,850 incurred by Funding to OFSAM under the Amended SSA.
- Recording of management fee of $1,435 under the terms of the Investment Advisory Agreement between OFS Capital and its affiliated entity, OFS Capital Management, LLC.
- Elimination of unrealized loss on payable under securities loan agreement of $1,058 under the sale accounting.

OFS Capital, LLC and Subsidiaries

Notes to Consolidated Financial Statements
(Amounts in thousands)

Note 3. OFS Capital WM, LLC Transaction and Subsequent Events (Continued)

- The above pro forma condensed income statement does not reflect any gain or loss resulting from the OFS Capital WM Transaction as might have resulted under sale accounting as of January 1, 2010 due to the fact that OFS Capital's portfolio composition at January 1, 2010 was substantially different from that on September 28, 2010, the date of the OFS Capital WM Transaction. Because of the substantial changes in the loan portfolio between January 1, 2010 and September 28, 2010, the assumptions that would be required to show any gain or loss from the sale on January 1, 2010, including regarding which loans as of January 1, 2010 might have been included in the OFS Capital WM Transaction, which would be dependent upon the views of the two lenders, would render any such pro forma gain or loss hypothetical and, in our view, not meaningful to investors.

OFS Capital WM Credit Facility

OFS Capital WM is a newly formed Delaware limited liability company. On September 28, 2010, OFS Capital WM entered into a new $180,000 secured revolving credit facility (the "WM Credit Facility") with Wells Fargo Bank, N.A. ("Wells Fargo") and Madison Capital, with the class A lenders (initially Wells Fargo) providing up to $135,000 in class A loans and the class B lenders (initially Madison Capital) providing up to $45,000 in class B loans to OFS Capital WM. The WM Credit Facility is secured by the Eligible Loans transferred to OFS Capital WM by OFS Capital on the date of the OFS Capital WM Transaction and any eligible loan assets subsequently acquired by OFS Capital WM. The loan facilities with Wells Fargo and Madison Capital have five- and six-year terms, respectively, and both facilities provide a one-year option for extension upon the approval of the class A and class B lenders. The loan facilities have a reinvestment period of two years after the closing date of the WM Credit Facility and can be extended by one year with the consent of each lender. OFS Capital WM is obligated to pay interest on outstanding class A loans and class B loans on each quarterly payment date. Outstanding class A loans accrue interest at a daily rate equal to LIBOR plus 3.00%. Outstanding class B loans accrue interest at a daily rate equal to LIBOR plus 4.00%. OFS Capital WM has the right to repay loans outstanding under the facility in part from time to time. OFS Capital WM also has the right to repay the facility in full at any time. However, in the event of a repayment of the facility in full in the first or second year of the facility, OFS Capital WM is subject to a prepayment penalty of 2.0% in year one and 1.0% in year two, respectively, of the maximum facility amount. The unused commitment fee on the class A loan facility is 0.5% per annum for the first six months after the WM Credit Facility closing date and thereafter (1) 0.5% of the first $25,000 of the unused facility and (2) 2% of the balance in excess of $25,000. The unused commitment fee on the class B loan facility is 0.5% per annum.

As of December 31, 2010, the outstanding balances were $48,962 and $20,000, respectively, on the class A and class B loan facilities. In connection with the WM Credit Facility, OFS Capital WM incurred financing costs of $3,501, which are deferred and being amortized over the term of the WM Credit Facility.

Note 4. Related Party Transactions and Subsequent Events

OFSAM Cash Contribution

On September 28, 2010, simultaneous with the OFS Capital WM Transaction, OFS Capital received a cash contribution from its parent, OFSAM, in the amount of $19,525. OFS Capital then transferred this amount to Funding, its wholly owned subsidiary, in order for Funding, together with all its cash proceeds from the OFS Capital WM Transaction, plus cash on hand, to pay off its outstanding principal and interest balance under its LOC on September 28, 2010 (see Note 6).

OFS Capital, LLC and Subsidiaries

Notes to Consolidated Financial Statements
(Amounts in thousands)

Note 4. Related Party Transactions and Subsequent Events (Continued)

OFSAM Asset Distribution

Also on September 28, 2010, concurrently with the OFS Capital WM Transaction and the above described OFSAM Cash Contribution, Funding distributed to its parent, OFS Capital, which in turn distributed to OFSAM, loans or its 100% participating interest in certain loans with an aggregate carrying value of $60,512 and equity interests with an aggregate carrying value of $1,533. OFSAM then transferred these assets to its wholly owned subsidiary, Funding I.

Due to/from OFSAM

OFS Capital was the servicer of the loan facility under the original and Amended SSA (see Note 6). Under the Amended SSA, servicing fees that were permitted under the SSA prior to November 10, 2009 were no longer permitted. On December 31, 2009, as a result of the Reorganization, OFS Capital assigned its service rights under the Amended SSA to OFSAM. As of December 31, 2009, OFS Capital owed $1,236 to OFSAM, which represented accrued and unpaid servicing fees incurred by Funding on its loan facility with Bank of America. Such accrued and unpaid servicing fees represent amounts accrued under the original SSA as well as an intercompany fee accrual from November 10, 2009 through December 31, 2009, which was originally due from Funding to OFS Capital. This receivable was assigned to OFSAM by OFS Capital as a result of the Reorganization. For the period from January 1, 2010 through September 28, 2010, Funding accrued an additional amount of $1,507 of servicing fees, thus increasing total accrued and unpaid serving fees due to OFSAM to $2,743 at September 28, 2010. On September 28, 2010, in connection with Funding's payoff of the LOC (also see Note 6), this accrued servicing fee due from Funding to OFSAM was repaid by Funding.

As of December 31, 2009, OFS Capital also owed $1,360 to OFSAM, which represented OFS Capital's obligation to distribute its entire cash balance at December 31, 2009 to OFSAM as prescribed by the Reorganization agreement. For the year ended December 31, 2010, OFS Capital distributed $1,288 to OFSAM.

In addition, OFS Capital owed $1,293 to OFSAM at December 31, 2009. This balance represented Funding's estimated payment to fund OFS Capital's 2009 fourth quarter tax distribution under the Amended SSA. On December 31, 2009, OFS Capital assigned this receivable to OFSAM as a result of the Reorganization. Funding made this tax distribution in January 2010. In April and July 2010, Funding made the 2010 first and second quarter tax distributions in the amount of $928 and $1,101, respectively, to OFSAM under the Amended SSA. As a result of the OFSAM Asset Distribution, the OFS Capital WM Transaction and the payoff of the LOC and termination of the facility on September 28, 2010, Funding is no longer making quarterly tax distributions to the Company or OFSAM.

At December 31, 2010, OFS Capital also owed $990 to OFSAM for funds advanced and certain operating costs paid by OFSAM during the year ended December 31, 2010.

Due to OFSC

As of December 31, 2010 and 2009, OFS Capital owed a total of $14 and $25, respectively, to OFSC for operating expenses paid by OFSC for the benefit of OFS Capital.

Due to Funding I

As of December 31, 2010, OFS Capital owed $108 to Funding I, which represented principal and interest collections received by OFS Capital on behalf of Funding I through December 31, 2010 on loans that were distributed to OFSAM on September 28, 2010. In January 2011, OFS Capital paid this amount to Funding I.

OFS Capital, LLC and Subsidiaries

Notes to Consolidated Financial Statements
(Amounts in thousands)

Note 4. Related Party Transactions and Subsequent Events (Continued)

Due to OFS Capital Management, LLC

Effective September 28, 2010, OFS Capital entered into an Investment Advisory Agreement with OFS Capital Management, LLC ("OFS Capital Management"), an affiliated entity and wholly owned subsidiary of OFSAM, pursuant to which OFS Capital agrees to pay an annual base management fee to OFS Capital Management to compensate for its investment advisory service. The base management fee is calculated at 2% of the Company's average total assets (excluding cash) at the end of the two most recently completed calendar quarters, and payable quarterly in arrears. As of December 31, 2010, the Company has accrued for a base management fee of $343 due to OFS Capital Management.

Note 5. Loans Receivable and Loans Receivable Pledged to Creditors

Loans receivable balances at December 31, 2010 and 2009, are summarized as follows:

	As of December 31, 2010		
	Performing	Impaired	Total
Loans receivable	$ 1,882	$ 2,739	$ 4,621
Less allowance for loan losses	(27)	(329)	(356)
Loans receivable — net	$ 1,855	$ 2,410	$ 4,265

	As of December 31, 2009		
	Performing	Impaired	Total
Loans receivable	$177,811	$ 58,293	$236,104
Fees receivable	43	—	43
Less allowance for loan losses	(4,342)	(14,451)	(18,793)
Loans receivable — net	$173,512	$ 43,842	$217,354

Loans receivable pledged to creditors balance at December 31, 2010 is summarized as follows:

	As of December 31, 2010		
	Performing	Impaired	Total
Loans receivable pledged to creditors	$ 82,680	$ —	$82,680
Less allowance for loan losses	(1,417)	—	(1,417)
Loans receivable pledged to creditors — net	$ 81,263	$ —	$81,263

Average impaired loans during the period January 1 through September 28, 2010 were $44,599. Average impaired loans, net of the allowance for loan loss, during the period January 1 through September 28, 2010 were $35,674. As a result of the OFSAM Asset Distribution on September 28, 2010, average impaired loan balance was $2,712 for the period September 29, 2010 through December 31, 2010. Average impaired loan balance, net of the allowance, was $2,030 for the period September 29, 2010 through December 31, 2010. Average impaired loans during 2009 were $51,796. Average impaired loans, net of the allowance for loan loss during 2009 were $35,900. Income recognized on impaired loans on the cash and accrual basis for the year ended December 31, 2010 was $177 and $1,223, respectively. Income recognized on impaired loans on the cash and accrual basis for the year ended December 31, 2009 was $2,344 and $2,063, respectively.

OFS Capital, LLC and Subsidiaries

Notes to Consolidated Financial Statements
(Amounts in thousands)

Note 5. Loans Receivable and Loans Receivables Pledged to Creditors (Continued)

There was one impaired loan in the amount of $2,739 at December 31, 2010, which had a troubled debt restructuring in 2009. Following the OFSAM Asset Distribution in September 2010, the Company retained one loan that underwent a troubled debt restructuring in 2010; that loan was, as of December 31, 2010, performing pursuant to its restructured terms, and was not an impaired loan as of December 31, 2010. Impaired loans that were modified pursuant to troubled debt restructurings totaled $26,439 as of December 31, 2009.

Non-accrual loans as of September 28, 2010 prior to the OFSAM Asset Distribution were $9,207, for which a loan loss allowance of $4,536 was provided. Non-accrual loans as of December 31, 2010 and 2009, were $2,739 and $29,164, respectively, for which a loan loss allowance of $329 and $11,831, respectively, was provided for as of December 31, 2010 and 2009.

As of December 31, 2010 and 2009, OFS Capital had past due loans summarized as follows:

	As of December 31, 2010					
	Past Due Principal			Past Due Interest		
	> 30 day Past Due	> 60 day Past Due	> 90 day Past Due	> 30 day Past Due	> 60 day Past Due	> 90 day Past Due
Total	$ —	$ —	$ —	$ —	$ —	$ —

	As of December 31, 2009					
	Past Due Principal			Past Due Interest		
	> 30 day Past Due	> 60 day Past Due	> 90 day Past Due	> 30 day Past Due	> 60 day Past Due	> 90 day Past Due
Total	$ —	$ —	$ 6,435	$ —	$ 12	$ 309

The details of loan loss allowance for loans receivable for the years ended December 31, 2010 and 2009 are summarized as follows:

	Years Ended December 31,	
	2010	2009
Balance - beginning of year	$ 18,793	$25,202
Net provision charged to expense	(1,625)	6,886
Write-offs	(13,623)	(8,222)
Reclassification to loan held for sale	(1,490)	—
Paid-in-kind interest income reversed on non-accrual loans	483	458
Recoveries	—	—
Transferred to affiliate during corporate reorganization	—	(5,531)
Reclassification to loans receivable pledged to creditors	(2,182)	—
Balance - end of year	$ 356	$18,793

OFS Capital, LLC and Subsidiaries

Notes to Consolidated Financial Statements
(Amounts in thousands)

Note 5. Loans Receivable and Loans Receivables Pledged to Creditors (Continued)

The details of loan loss allowance for loans receivable pledged to creditors for the years ended December 31, 2010 and 2009 are summarized as follows:

	Years Ended December 31,	
	2010	2009
Balance - beginning of year	$ —	$ —
Net provision charged to expense	(765)	—
Recoveries	—	—
Reclassification from loans receivable	2,182	—
Balance - end of year	$ 1,417	$ —

For the year ended December 31, 2010, of the $13,623 of write-offs, $6,531 was related to loan loss reserves previously recognized on certain loans which were exchanged for equity interests in the borrowers during debt restructurings in 2010, $6,736 related to loans distributed to OFSAM and $356 related to loans sold to unrelated third parties. Upon the exchange of debt for equity, and the OFSAM Asset Distribution, the loan balance and related loss reserve were written off. The $483 addition to loan allowance for the year ended December 30, 2010 represented reversal of paid-in-kind interest on non-accrual loans which were not deemed collectible by OFS Capital at December 31, 2010.

For the year ended December 31, 2009, of the $8,222 of write-offs, $2,690 was related to loan loss reserve previously recognized on certain loans which were converted into equity interests in the borrowers during debt restructurings in 2009. Upon the debt conversion, the loan balance and related loss reserve were written off. The $458 addition to loan allowance represented reversal of paid-in-kind interest on non-accrual loans which were not deemed collectible by OFS Capital at December 31, 2009. In addition, on December 31, 2009, as a result of the Reorganization, OFS Capital transferred loans receivable to OFSAM in the amount of $5,851, net of allowance for losses in the amount of $5,531.

Note 6. Revolving Line of Credit

Sale and Servicing Agreement ("SSA")

On April 9, 2008, OFS Capital and Funding entered into an SSA with Bank of America ("B of A"), which allowed Funding to borrow up to $400,000. The facility had a three year tenor, which included a two year revolving line of credit structure followed by a one year amortization period. Interest was due quarterly but could be paid earlier at the discretion of Funding. The maturity date was April 9, 2011. On January 15, 2009, the total facility commitment was voluntarily reduced to $265,000. Accordingly, deferred financing closing costs were reduced by $2,008, which represented a write-off of the then unamortized costs in proportion to the reduction of the facility commitment. On January 23, 2009, B of A purported to terminate the line of credit. OFS Capital and certain of its affiliates filed a lawsuit contending that B of A's purported termination was without a contractual basis, constituted a material breach of the SSA, and was invalid. B of A was not permitting any additional borrowings under the line of credit.

Amended and Restated Sale and Servicing Agreement ("Amended SSA")

On November 10, 2009, OFS Capital and Funding settled their lawsuit with B of A and entered into an Amended SSA with B of A. In connection with the Amended SSA, Funding paid down an aggregate of

OFS Capital, LLC and Subsidiaries

Notes to Consolidated Financial Statements
(Amounts in thousands)

Note 6. Revolving Line of Credit (Continued)

approximately $99,000 against the outstanding loan principal, leaving an unpaid principal balance of $115,000 as of the loan amendment date. The amended facility totaled $162,000 as of November 10, 2009, had a maturity date of September 30, 2012, and carried an interest rate equal to 1) the three month LIBOR rate plus 3% for the period from November 10, 2009 through April 9, 2011; and 2) three month LIBOR rate plus 6% for the period from April 10, 2011 through September 30, 2012. The unused commitment fee was 0.5% per annum. The amended facility was secured by all loans and related rights and interests in those loans owned by OFS Capital, reinvestments of loans and related income and cash proceeds generated. There were substantial changes to the covenants and termination events such that the Amended SSA no longer had material quantitative conditions to borrowing such as a borrowing base or market value tests and most quantitative termination events were eliminated.

The Company followed guidance from Emerging Issues Task Force 98-14, *Debtor's Accounting for Change in Line-of-Credit or Revolving-Debt Arrangements* (EITF 98-14) (ASC Topic 470) that addresses accounting for modification to or exchanges of line-of-credit or revolving-debt arrangements to account for the amendment of its loan facility with B of A. Since the borrowing capacity under the Amended SSA was greater than that under the original SSA, all the unamortized deferred costs as well as new fees incurred to third parties were deemed associated with the Amended SSA, that is, deferred and to be amortized over the term of the new arrangement.

Payoff of B of A Loan and Termination of B of A Facility

On September 28, 2010, concurrently with the OFS Capital WM Transaction (see Note 3) and OFSAM Cash Contribution (see Note 4) Funding paid off its then outstanding principal and interest and fee balance under its B of A debt facility in the amount of $56,111 and $544, respectively, and terminated its B of A line of credit facility. In addition, Funding also repaid its accrued servicing fee due to OFSAM in the amount of $2,743 on September 28, 2010 (see Note 4).

At December 31, 2009, Funding had a maximum commitment under its line of credit from B of A in the amount of $159,184, of which $113,208 was outstanding and utilized.

Note 7. Commitments and Contingencies

At December 31, 2010, the Company had $22,292 of unused lines of credit granted to borrowers related to loans receivable pledged to creditors. On September 28, 2010, as a result of the OFSAM Asset Distribution, the Company's unused lines of credit granted to borrowers were reduced by $3,805. As of December 31, 2009, the Company had $42,377 of unused lines of credit granted to borrowers.

In the event that we issue shares of common stock in an initial public offering as a business development company, we intend to pursue a portion of our investment strategy through a newly formed limited partnership that we intend to license as a small business investment company ("SBIC, L.P.") and, in connection with that, our affiliated entity, OFSC, has employed three individuals who will be primarily responsible for the day-to-day management of the SBIC, L.P. In that event, we will also own all of the limited liability company interests in a newly formed limited liability company that will serve as the general partner of the SBIC, L.P. ("SBIC, G.P."). As an alternative to the foregoing transaction, in the event that we do not issue shares of common stock in an initial public offering as a business development company, we entered into a Subscription Agreement on July 21, 2010 with respect to an investment in the SBIC, L.P. (the "Subscription Agreement"). Our subscription under the Subscription Agreement is contingent upon, among other things, entering into a mutually satisfactory partnership

OFS Capital, LLC and Subsidiaries

Notes to Consolidated Financial Statements
(Amounts in thousands)

Note 7. Commitments and Contingencies (Continued)

agreement with SBIC, G.P., the SBIC L.P. raising aggregate commitments from all limited partners of at least $25,000 and the SBIC, L.P. obtaining a license from the Small Business Administration to operate as a small business investment company. Our investment in the SBIC, L.P. will not exceed $25,000 in the event that we do not consummate an initial public offering. In August 2010, we made an advance to the SBIC, L.P. in the amount of $167, which is included in interest receivable and other assets on the accompanying consolidated balance sheets. As of December 31, 2010, we were still in process of completing our initial public offering and, therefore, have not yet made our investment in the SBIC, G.P., or the SBIC, L.P., other than the initial advance totaling $167.

From time to time, the Company is involved in legal proceedings in the normal course of its business. Although the outcome of such litigation cannot be predicted with any certainty, management is of the opinion, based on the advice of legal counsel, that final disposition of any litigation should not have a material adverse effect on the financial position of the Company.

In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties that provide general indemnifications. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not occurred. The Company expects the risk of any future obligation under these indemnifications to be remote.

Note 8. Fair Value of Financial Instruments

Statement of Financial Accounting Standard No. 157, *Fair Value Measurements* (SFAS 157) (ASC Topic 820) requires disclosure of the fair value reported for all financial instruments that are either impaired or available for sale securities, using the definitions provided in FASB 115 (ASC Topic 320). SFAS 157 (ASC Topic 820) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under SFAS 157 (ASC Topic 820) as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under SFAS 157 (ASC Topic 820) are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The type of investments included in Level 1 includes listed equities and listed derivatives. As required by SFAS 157 (ASC Topic 820), the Company does not adjust the quoted price for these investments, even in situations where the Company holds a large position and a sale could reasonably impact the quoted price.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate bonds and liquid loans, thinly traded and restricted equity securities and certain over-the-counter derivatives. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3: Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best

OFS Capital, LLC and Subsidiaries

Notes to Consolidated Financial Statements
(Amounts in thousands)

Note 8. Fair Value of Financial Instruments (Continued)

information under the circumstances and may require significant management judgment or estimation. Investments that are included in this category generally include equity and debt positions in private companies and general and limited partnership interests in corporate private equity and real estate funds, debt funds, funds of hedge funds and distressed debt.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

Investments for which prices are not observable are generally private investments in the equity and debt securities of operating companies. The primary analytical method used to estimate the fair value of Level 3 investments is the discounted cash flow method (although in certain instances a liquidation analysis or other methodology may be most appropriate). The discounted cash flow approach to determine fair value (or a range of fair values) involves applying an appropriate discount rate(s) to the estimated future cash flows using various relevant factors depending on investment type, including assumed growth rate (in cash flows) and capitalization rates/multiples (for determining terminal values of underlying portfolio companies). The valuation based on the inputs determined to be the most reasonable and probable is used as the fair value of the investment. The determination of fair value using these methodologies may take into consideration a range of factors including, but not limited to, the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance, and financing transactions subsequent to the acquisitions of the investment. Application of these valuation methodologies involves a significant degree of judgment by management. Equity in a portfolio company that invests in loans, such as OFS Capital WM, will typically be valued by arriving at a fair value of such vehicle's loan assets (plus, when appropriate, the carrying value of certain other assets), and deducting the book value or fair value (as appropriate) of such vehicle's liabilities to arrive at a fair value for the equity. When appropriate, in order to recognize value that would be created by growth opportunities of such portfolio company, equity in a portfolio company may also be valued by taking into consideration the magnitude, timing, and effective life of its expected future investments in loans.

The fair value of equity securities, including warrants, in portfolio companies may also consider the market approach—that is, through analyzing, and applying to the underlying portfolio companies, market valuation multiples of publicly-traded firms engaged in businesses similar to those of the portfolio companies. The market approach to determining the fair value of a portfolio company's equity security (or securities) will typically involve: 1) applying to the portfolio company's trailing twelve months (or current year projected) EBITDA a low to high range of enterprise value to EBITDA multiples that are derived from an analysis of publicly-traded comparable companies, in order to arrive at a range of enterprise values for the portfolio company; 2) subtracting from the range of calculated enterprise values the outstanding balances of any debt or equity securities that would be senior in right of payment to the equity securities held by the Company; and 3) multiplying the range of equity values derived therefrom by the Company's ownership share of such equity tranche in order to arrive at a range of fair values for the Company's equity security (or securities). Application of these valuation methodologies involves a significant degree of judgment by management.

OFS Capital, LLC and Subsidiaries

Notes to Consolidated Financial Statements
(Amounts in thousands)

Note 8. Fair Value of Financial Instruments (Continued)

Assets Recorded at Fair Value on a Recurring Basis

The following table summarizes assets measured at fair value on a recurring basis as of December 31, 2010 and 2009, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value.

	December 31, 2010			
		Fair Value Measurements Using		
Description	Total	Quoted Prices in Active Markets for Identical Asset (Level I)	Significant Other Observable Inputs (Level II)	Significant Other Unobservable Inputs (Level III)
Money market funds *	$ 12	$ 12	$ —	$ —
Warrants **	156	—	—	156
	$168	$ 12	$ —	$ 156

* included in cash and cash equivalents on the consolidated balance sheet
** included in equity investments on the consolidated balance sheet

	December 31, 2009			
		Fair Value Measurements Using		
Description	Total	Quoted Prices in Active Markets for Identical Asset (Level I)	Significant Other Observable Inputs (Level II)	Significant Other Unobservable Inputs (Level III)
Money market funds *	$ 12	$ 12	$ —	$ —
Warrants **	53	—	—	53
	$ 65	$ 12	$ —	$ 53

* included in cash and cash equivalents on the consolidated balance sheet
** included in equity investments on the consolidated balance sheet

The following table presents additional information about assets measured at fair value on a recurring basis for which the Company has utilized Level 3 inputs to determine fair value.

	Year Ended December 31,	
	2010	2009
Level 3 assets, beginning of period	$ 53	$—
Warrants received and classified as Level 3	137	53
Unrealized gain on warrants included in earnings	19	—
Write-off of warrants	(53)	—
Level 3 assets, end of period	$156	$ 53

OFS Capital, LLC and Subsidiaries

Notes to Consolidated Financial Statements
(Amounts in thousands)

Note 8. Fair Value of Financial Instruments (Continued)

Assets and Liabilities Recorded at Fair Value on a Nonrecurring Basis

The Company may be required, from time to time, to measure certain assets and liabilities at fair value on a nonrecurring basis in accordance with GAAP. These include assets that are measured at the lower of cost or market that were recognized at fair value below cost at December 31, 2010 and 2009. As of December 31, 2010 and 2009, assets measured at fair value on a nonrecurring basis are included in the following table.

	December 31, 2010			
		Fair Value Measurements Using		
Description	Total	Quoted Prices in Active Markets for Identical Asset (Level I)	Significant Other Observable Inputs (Level II)	Significant Other Unobservable Inputs (Level III)
Impaired loans	$ 2,410	$ —	$ —	$ 2,410
Payable under securities loan agreement	81,351	—	—	81,351
	$83,761	$ —	$ —	$ 83,761

	December 31, 2009			
		Fair Value Measurements Using		
Description	Total	Quoted Prices in Active Markets for Identical Asset (Level I)	Significant Other Observable Inputs (Level II)	Significant Other Unobservable Inputs (Level III)
Impaired loans	$43,842	$ —	$ —	$ 43,842
Loan held for sale	1,731	—	—	1,731
	$45,573	$ —	$ —	$ 45,573

The Company discloses fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. Certain financial instruments are excluded from the disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company.

The estimated fair value amounts have been measured as of December 31, 2010 and 2009, and have not been reevaluated or updated for purposes of these financial statements subsequent to that date. As such, the estimated fair values of these financial instruments subsequent to the reporting date may be different than amounts reported at December 31, 2010 and 2009.

The information presented should not be interpreted as an estimate of the fair value of the entire company since a fair value calculation is only required for a limited portion of the Company’s assets and liabilities. Due to the wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparisons between the Company’s disclosures and those of other companies may not be meaningful.

OFS Capital, LLC and Subsidiaries

Notes to Consolidated Financial Statements
(Amounts in thousands)

Note 8. Fair Value of Financial Instruments (Continued)

As of December 31, 2010 and 2009, the recorded book balances and estimated fair values of the Company's financial instruments were as follows:

	As of December 31,			
	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents	$ 942	$ 942	$ 7,373	$ 7,373
Loan receivable, net	4,265	4,144(1)	217,354	198,113
Loan receivable pledged to creditors, net	81,263	80,711(1)	—	—
Loan held for sale	—	—	1,731	1,731
Warrants	156	156(2)	53	53
Equity investment in OFS Capital WM	60,107	59,675(2)	—	—
Other equity interests	4,686	5,389(2)	—	226
Interest receivable and other assets	170	170	538	538
Interest receivable pledged to creditors	277	277	—	—
Financial liabilities:				
Revolving line of credit	$ —	$ —	$ 113,208	$ 113,208
Interest payable	—	—	21	21
Payable under securities agreement	81,351	81,351	—	—

(1) – Debt investments totaled $84,855; see supplemental Schedule of Investments for details.
(2) – Equity investments totaled $65,220; see supplemental Schedule of Investments for details.

Note 9. Sale of Vidalia Interest

OFS Capital owned a 100% interest in a trust that owns a 9.93% interest in a hydroelectric power generating facility in Concordia Parish, Louisiana (Vidalia). The investment in Vidalia was carried at cost. Distributions from the investment in Vidalia were recorded as income to the extent the facility had generated income. Distributions in excess of income were recorded as a reduction in the cost basis as they reflected a return of capital.

In June 2009, OFS Capital sold its interest in Vidalia for $33,579 in cash, net of closing costs of $376. OFS Capital recognized a gain of $4,918 from the sale. For the year ended December 31, 2009, the Company also recorded investment income from Vidalia in the amount of $522.

Report of Independent Registered Public Accounting Firm on the Supplementary Information

To the Executive Committee
OFS Capital, LLC
Rolling Meadows, Illinois

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

/s/ McGladrey & Pullen, LLP

Chicago, Illinois
March 15, 2011

OFS Capital, LLC and Subsidiaries
(f/k/a: Old Orchard First Source Asset Management, LLC and Subsidiaries)

Schedule of Investments
December 31, 2010
(Amounts in thousands)

Name of Portfolio Company	Type of Investment	Interest (1)	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
United States							
Debt Investments							
Aerospace & Defense							
Wesco Aircraft Hardware Corporation	Senior Secured Loan Revolver	N/A (LIBOR +1.75%) (Prime +0.75%) (LOC Fee 2.38%) (Unused Fee 0.38%)	9/28/2012	$ —	$ 5	$ (117)	(0.2)%
				—	5	(117)	(0.2)
Automobile							
BBB Industries, LLC	Senior Secured Loan Term Loan (First Lien)	6.50% (LIBOR +4.50%) (Prime +3.25%)	6/29/2013	4,966	4,949	4,916	7.1
Hilite Holdco Corporation, Inc.	Unsecured Class B PIK Loan	8.00%	11/5/2019	2,739	2,696	2,177	3.1
MetoKote Corporation	Senior Secured Loan Term Loan	9.00% (LIBOR +6.50%) (Prime +5.50%)	11/27/2011	2,605	2,598	2,598	3.7
TAP Automotive Holdings, LLC	Senior Secured Loan Term Loan D	10.25% (LIBOR +6.25%) (Prime +6.25%)	6/30/2013	527	528	522	0.8
TAP Automotive Holdings, LLC	Senior Secured Loan Term Loan C	8.25% (LIBOR +4.25%) (Prime +4.25%)	11/30/2011	1,509	1,510	1,494	2.1
				12,346	12,281	11,707	16.8
Beverage, Food & Tobacco							
WCI Acquisition SUB(ABC), Inc.	Senior Secured Loan Term Loan B	8.25% (LIBOR +6.25%) (Prime +5.00%)	6/30/2011	1,457	1,449	1,458	2.1
WCI Acquisition SUB(ABC), Inc.	Senior Secured Loan Term Loan C	9.25% (LIBOR +7.25%) (Prime +6.00%)	12/31/2011	2,121	2,112	2,154	3.1
				3,578	3,561	3,612	5.2
Broadcasting & Entertainment							
Intermedia Espanol, Inc.	Senior Secured Loan Term Loan	3.02% (LIBOR +2.75%) (Prime +1.50%)	3/30/2012	3,051	3,043	2,916	4.2
				3,051	3,043	2,916	4.2
Buildings & Real Estate							
ASP PDM Acquisition LLC	Senior Secured Loan Term Loan A	3.27% (LIBOR +2.75%) (Prime +1.75%)	12/31/2013	1,820	1,822	1,710	2.5
				1,820	1,822	1,710	2.5

OFS Capital, LLC and Subsidiaries
(f/k/a: Old Orchard First Source Asset Management, LLC and Subsidiaries) - Continued

Schedule of Investments
December 31, 2010
(Amounts in thousands)

Name of Portfolio Company	Type of Investment	Interest (1)	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
Cargo Transport							
Cardinal Logistics Management Corporation	Senior Secured Loan Term Loan	12.50% (LIBOR +9.50%) (Prime +8.50%)	9/23/2013	1,725	1,716	1,715	2.5
Panther II Transportation, Inc.	Senior Secured Loan Revolver	N/A (LIBOR +6.25%) (Prime +5.00%) (LOC Fee 6.25%) (Unused Fee 0.50%)	12/31/2011	—	(4)	—	—
Panther II Transportation, Inc.	Senior Secured Loan Term Loan	9.25% (LIBOR +6.25%) (Prime +5.00%)	12/31/2011	2,442	2,426	2,443	3.5
				4,167	4,138	4,158	6.0
Chemicals, Plastics & Rubber							
CR Brands, Inc.	Senior Secured Loan Term Loan	7.75% (LIBOR +5.50%) (Prime +4.50%)	12/31/2012	614	609	575	0.8
Dura-Line/ARNCO	Senior Secured Loan Revolver	6.50% (LIBOR +3.75%) (Prime +2.75%) (LOC Fee 4.00%) (Unused Fee 0.50%)	3/22/2013	86	79	88	0.1
Dura-Line/ARNCO	Senior Secured Loan Term Loan A	6.50% (LIBOR +3.75%) (Prime +2.75%)	3/22/2014	1,615	1,613	1,616	2.3
Insight Pharmaceuticals	Senior Secured Loan Revolver	N/A (LIBOR +4.00%) (Prime +2.75%) (LOC Fee 2.75%) (Unused Fee 0.50%)	3/31/2011	—	—	—	—
Insight Pharmaceuticals	Senior Secured Loan Term Loan A	4.30% (LIBOR +4.00%) (Prime +2.75%)	3/31/2011	252	252	252	0.4
Insight Pharmaceuticals	Senior Secured Loan Term Loan B	4.68% (LIBOR +4.38%) (Prime +3.13%)	3/31/2012	3,321	3,320	3,322	4.8
Plaze	Senior Secured Loan Revolver	N/A (LIBOR +2.75%) (Prime +1.75%) (LOC Fee 3.00%) (Unused Fee 0.50%)	4/5/2013	—	(4)	(16)	—
Plaze	Senior Secured Loan Term Loan A	3.01% (LIBOR +2.75%) (Prime +1.75%)	10/5/2013	7,549	7,555	7,227	10.4
Veyance Technologies, Inc.	Senior Secured Loan Delay Draw Term Loan	2.77% (LIBOR +2.50%) (Prime +1.50%)	7/31/2014	364	363	324	0.5
Veyance Technologies, Inc.	Senior Secured Loan Term Loan	4.47% (LIBOR +2.50%) (Prime +1.50%)	7/31/2014	2,540	2,535	2,266	3.3
				16,341	16,322	15,654	22.6

OFS Capital, LLC and Subsidiaries
(f/k/a: Old Orchard First Source Asset Management, LLC and Subsidiaries) - Continued

Schedule of Investments
December 31, 2010
(Amounts in thousands)

Name of Portfolio Company	Type of Investment	Interest (1)	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
Diversified/Conglomerate Manufacturing							
Revere Industries, LLC	Senior Secured Loan Rollover Loans	9.00% (LIBOR +6.00%) (Prime +5.00%)	6/30/2013	1,998	2,000	2,012	2.9
Revere Industries, LLC	Senior Secured Loan Term Loan	9.00% (LIBOR +6.00%) (Prime +5.00%)	6/30/2013	999	1,000	1,019	1.5
				2,997	3,000	3,031	4.4
Diversified/Conglomerate Service							
Industrial Container Services, LLC	Senior Secured Loan Term Loan B	4.44% (LIBOR +4.00%) (Prime +2.50%)	9/30/2011	313	313	312	0.4
Industrial Container Services, LLC	Senior Secured Loan Term Loan C	4.30% (LIBOR +4.00%) (Prime +2.50%)	9/30/2011	1,078	1,078	1,075	1.5
Koosharem Corporation	Senior Secured Loan 2010 Term Loan	16.25% (LIBOR +14.00%) (Prime +13.00%)	8/1/2011	550	531	561	0.8
Koosharem Corporation	Senior Secured Loan Term Loan	10.25% (LIBOR +8.00%) (Prime +7.00%)	6/30/2014	4,949	4,955	4,900	7.0
SMG	Senior Secured Loan Revolver	N/A (LIBOR +3.00%) (Prime +2.00%) (LOC Fee 3.00%) (Unused Fee 0.50%)	7/27/2012	—	(4)	(45)	(0.1)
SMG	Senior Secured Loan Term B Loan	3.29% (LIBOR +3.00%) (Prime +2.00%)	7/27/2014	4,987	4,992	4,763	6.9
				11,877	11,865	11,566	16.5
Ecological							
EnviroSolutions, Inc.	Second-lien Loan 2nd Lien Term Loan	8.00% (LIBOR +6.00%) (Prime +5.00%)	7/29/2014	1,956	1,925	1,967	2.8
				1,956	1,925	1,967	2.8

OFS Capital, LLC and Subsidiaries
(f/k/a: Old Orchard First Source Asset Management, LLC and Subsidiaries) - Continued

Schedule of Investments
December 31, 2010
(Amounts in thousands)

Name of Portfolio Company	Type of Investment	Interest (1)	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
Electronics							
DEI Sales, Inc.	Senior Secured Loan Revolver	N/A (LIBOR +5.50%) (Prime +4.50%) (LOC Fee 6.50%) (Unused Fee 0.38%)	9/22/2013	2	(13)	(8)	—
DEI Sales, Inc.	Senior Secured Loan Revolver - Seasonal	N/A (LIBOR +5.50%) (Prime +4.50%) (LOC Fee 6.50%) (Unused Fee 0.38%)	2/28/2011	—	—	—	—
DEI Sales, Inc.	Senior Secured Loan Term Loan	7.50% (LIBOR +5.50%) (Prime +4.50%)	9/22/2013	4,211	4,178	4,169	6.0
				4,213	4,165	4,161	6.0
Finance							
Transfirst Holdings, Inc.	Senior Secured Loan Term Loan	3.02% (LIBOR +2.75%) (Prime +1.75%)	6/15/2014	3,860	3,864	3,504	5.0
				3,860	3,864	3,504	5.0
Healthcare, Education & Childcare							
Einstruction Corporation	Senior Secured Loan First Lien Term Loan	4.06% (LIBOR +3.75%) (Prime +2.50%)	7/2/2013	4,758	4,762	4,626	6.7
				4,758	4,762	4,626	6.7
Home & Office Furnishings, Housewares & Durable Consumer Products							
National Bedding Company, LLC	Senior Secured Loan First Lien Term Loan	2.32% (LIBOR +3.50%) (Prime +2.50%)	2/28/2013	2,278	2,280	2,200	3.2
				2,278	2,280	2,200	3.2
Machinery (non-agriculture, non-construction, non-electronic)							
Airxcel, Inc.	Senior Secured Loan Revolver	N/A (LIBOR +5.50%) (Prime +3.25%) (LOC Fee 5.50%) (Unused Fee 1.00%)	8/31/2012	—	(5)	26	—
Airxcel, Inc.	Senior Secured Loan Term Loan	8.00% (LIBOR +5.50%) (Prime +3.25%)	8/31/2012	1,935	1,933	1,974	2.8
Jonathan Holding Company	Senior Secured Loan Revolver	N/A (LIBOR +5.25%) (Prime +4.00%) (LOC Fee 5.25%) (Unused Fee 0.50%)	6/28/2013	—	(1)	—	—
Jonathan Holding Company	Senior Secured Loan Term Loan	7.25% (LIBOR +5.25%) (Prime +4.00%)	6/28/2013	4,973	4,918	4,924	7.1
				6,908	6,845	6,924	9.9

OFS Capital, LLC and Subsidiaries
(f/k/a: Old Orchard First Source Asset Management, LLC and Subsidiaries) - Continued

Schedule of Investments
December 31, 2010
(Amounts in thousands)

Name of Portfolio Company	Type of Investment	Interest (1)	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
Oil & Gas							
Thermo Fluids	Senior Secured Loan Term Loan B	5.29% (LIBOR +5.00%) (Prime +4.00%)	6/27/2013	313	312	304	0.4
				313	312	304	0.4
Personal, Food & Misc. Services							
Washington Inventory Service	Senior Secured Loan Revolver - US	N/A (LIBOR +4.75%) (Prime +3.75%) (Unused Fee 0.50%)	5/20/2013	—	(5)	(5)	—
				—	(5)	(5)	—
Printing & Publishing							
Clarke American Corporation	Senior Secured Loan Term Loan B	2.79% (LIBOR +2.50%) (Prime +1.50%)	6/30/2014	1,930	1,932	1,753	2.5
Pamarco Technologies, Inc.	Senior Secured Loan Revolver	6.00% (LIBOR +3.75%) (Prime +2.25%) (LOC Fee 4.25%) (Unused Fee 0.50%)	12/31/2014	600	570	567	0.8
Pamarco Technologies, Inc.	Senior Secured Loan Term Loan A	6.00% (LIBOR +3.75%) (Prime +2.25%)	12/31/2014	4,664	4,614	4,617	6.6
				7,194	7,116	6,937	9.9
Sub-total (Debt Investments)				87,657	87,301	84,855	121.9
United States							
Equity Investments							
Automobile							
Hilite Holdco Corporation, Inc.	Common Stock	N/A	N/A	N/A	—	—	—
					—	—	—
Chemicals, Plastics & Rubber							
Arclin US Holdings Inc.	Unclassified Shares	N/A	N/A	N/A	2,862	3,779	5.4
					2,862	3,779	5.4

OFS Capital, LLC and Subsidiaries
(f/k/a: Old Orchard First Source Asset Management, LLC and Subsidiaries) - Continued

Schedule of Investments
December 31, 2010
(Amounts in thousands)

Name of Portfolio Company	Type of Investment	Interest (1)	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
Diversified/Conglomerate Service							
Koosharem Corporation	Warrants	N/A	N/A	N/A	104	104	0.1
Koosharem Corporation	Warrants	N/A	N/A	N/A	52	52	0.1
Koosharem Corporation	Warrants	N/A	N/A	N/A	—	—	—
					156	156	0.2
Ecological							
EnviroSolutions, Inc.	Common Stock	N/A	N/A	N/A	1,824	1,610	2.3
					1,824	1,610	2.3
Sub-total (Other Equity Investments)					4,842	5,545	7.9
Senior Secured Lending							
OFS Capital WM, LLC	Membership interests	N/A	N/A	N/A	60,107	59,675	85.8
					60,107	59,675	85.8
Sub-total (Equity Investments)					64,949	65,220	93.7
Total (United States)				$87,657	$152,250	$150,075	215.6%

(1) The majority of the investments bear interest at a rate that may be determined by reference to LIBOR or Prime and which reset daily, quarterly or semi-annually. The Company has provided the current interest rate in effect at December 31, 2010 for each investment. Certain investments are subject to a LIBOR or prime interest rate floor.

Independent Auditor's Report

To the Member
OFS Capital WM, LLC
Rolling Meadows, Illinois

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of OFS Capital WM, LLC (the Company) as of December 31, 2010, and the related statements of operations, changes in net assets and cash flows for the period September 28, 2010 (commencement of operations) through December 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OFS Capital WM, LLC as of December 31, 2010, and the results of its operations and its cash flows for the period September 28, 2010 (commencement of operations) through December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 5, the financial statements include investments valued at $32,785,000 (55% of net assets), whose fair values have been estimated by management in the absence of readily ascertainable fair values.

/s/ McGladrey & Pullen, LLP

Chicago, Illinois
March 16, 2011

OFS Capital WM, LLC

Statement of Assets and Liabilities
December 31, 2010
(Amounts in thousands)

Assets	
Investments, at fair value (cost $32,239)	$ 32,785
Cash and cash equivalents	1,396
Restricted cash and cash equivalents	10,932
Receivable repledged to creditor	81,351
Interest receivable	80
Deferred financing closing costs, net of accumulated amortization of $151	3,350
	129,894
Liabilities	
Revolving line of credit - Wells Fargo	48,962
Revolving line of credit - Madison Capital	20,000
Interest payable	707
Management fee payable	111
Due to affiliated entity	7
	69,787
Net assets	$ 60,107

See Notes to Financial Statements.

OFS Capital WM, LLC

Statement of Operations
For the Period September 28, 2010 through December 31, 2010
(Amounts in thousands)

Investment income:	
Interest	$1,726
Expenses:	
Interest	707
Management fees	111
Amortization of deferred financing closing costs	151
Administrative expenses	8
Total expenses	977
Net investment income	749
Gain on investments and receivable repledged to creditor	
Net change in unrealized appreciation on investments	546
Net change in unrealized appreciation on receivable repledged to creditor	1,058
Net gain on investments and receivable repledged to creditor	1,604
Net increase in net assets resulting from operations	$2,353

See Notes to Financial Statements.

OFS Capital WM, LLC

Statement of Changes in Net Assets
For the Period September 28, 2010 through December 31, 2010
(Amounts in thousands)

Increase in net assets resulting from operations:	
Net investment income	$ 749
Net gain on investments and receivable repledged to creditor	1,604
Net increase in net assets resulting from operations	2,353
Capital contributions	57,754
Net assets, beginning of period	—
Net assets, end of period	$60,107

See Notes to Financial Statements.

OFS Capital WM, LLC

Statement of Cash Flows
For the Period September 28, 2010 through December 31, 2010
(Amounts in thousands)

Cash Flows From Operating Activities	
Net increase in net assets resulting from operations	$ 2,353
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:	
Amortization of deferred financing closing costs	151
Amortization of discounts and premium	(17)
Net change in unrealized appreciation on investments	(546)
Net change in unrealized appreciation on receivable repledged to creditor	(1,058)
Purchase of portfolio investments	(32,537)
Proceeds from principal payments of portfolio investments	315
Receivable repledged to creditors	(36,255)
Collection of receivable repledged to creditors	13,305
Changes in operating assets and liabilities:	
Interest receivable	(80)
Due from affiliated entity	7
Interest payable	707
Management fee payable	111
Net cash used in operating activities	(53,544)
Cash Flows From Investing Activities	
Change in restricted cash balance	(10,932)
Net cash used in investing activities	(10,932)
Cash Flows From Financing Activities	
Net proceeds from borrowings on revolving lines of credit	68,962
Contribution from member	411
Payment of loan facility closing costs	(3,501)
Net cash provided by financing activities	65,872
Net increase in cash and cash equivalents	$ 1,396
Cash and cash equivalents — beginning of period	—
Cash and cash equivalents — end of period	$ 1,396
Supplemental Disclosure of Noncash Financing Activities:	

On September 28, 2010, the Member contributed debt investments valued at $57,343 to the Company in exchange for a membership interest of the same amount.

See Notes to Financial Statements.

OFS Capital WM, LLC

Schedule of Investments
December 31, 2010
(Amounts in thousands)

Name of Portfolio Company	Type of Investment	Interest (1)	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
United States							
Debt Investments							
Automobile							
The Ritedose Corporation	Senior Secured Loan Term Loan	6.75% (LIBOR +5.00%) (Prime +4.00%)	11/10/2016	$ 5,000	$ 4,901	$ 5,000	8.4%
				5,000	4,901	5,000	8.4
Distributors							
Phillips Feed & Pet Supply	Senior Secured Loan Term Loan	7.50% (LIBOR +5.25%) (Prime +4.25%)	10/13/2015	3,555	3,477	3,555	5.9
				3,555	3,477	3,555	5.9
Electrical Components & Equipment							
Universal Air Filter Company	Senior Secured Loan Term Loan	8.25% (LIBOR +6.50%) (Prime +5.50%)	6/30/2015	4,899	4,840	4,899	8.1
				4,899	4,840	4,899	8.1
Industrial Conglomerates							
Jameson LLC	Senior Secured Loan Term Loan	7.55% (LIBOR +5.50%) (Prime +4.50%)	10/1/2015	4,862	4,768	4,862	8.1
				4,862	4,768	4,862	8.1
Leisure Products							
McKenzie Sports Products, LLC	Senior Secured Loan Term Loan A	7.25% (LIBOR +5.50%) (Prime +4.50%)	10/29/2016	4,988	4,902	4,988	8.2
				4,988	4,902	4,988	8.2

OFS Capital WM, LLC

Schedule of Investments (Continued)
December 31, 2010
(Amounts in thousands)

Name of Portfolio Company	Type of Investment	Interest (1)	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
United States							
Debt Investments							
Packaging							
Fort Dearborn Company	Senior Secured Loan Term Loan A CN	6.86% (LIBOR +5.00%) (Prime +4.00%)	8/24/2015	42	42	42	0.1
Fort Dearborn Company	Senior Secured Loan Term Loan A US	6.76% (LIBOR +5.00%) (Prime +4.00%)	8/24/2015	644	636	644	1.1
Fort Dearborn Company	Senior Secured Loan Term Loan B CN	7.37% (LIBOR +5.50%) (Prime +4.50%)	8/24/2016	244	241	244	0.4
Fort Dearborn Company	Senior Secured Loan Term Loan B US	7.26% (LIBOR +5.50%) (Prime +4.50%)	8/24/2016	3,551	3,507	3,551	5.9
				4,482	4,426	4,482	7.5
Specialized Consumer Services							
Dwyer Group	Senior Secured Loan Term Loan	7.50% (LIBOR +5.25%) (Prime +4.25%)	12/23/2015	5,000	4,925	5,000	8.3
				5,000	4,925	5,000	8.3
Sub-total (Debt Investments)				32,785	32,239	32,785	54.5
Equity Investments							
WF Prime INVT MM #1752	Money Market Funds	N/A	N/A	N/A	1,396(2)	1,396(2)	2.3
WFB Secured Institutional MM	Money Market Funds	N/A	N/A	N/A	10,932(3)	10,932(3)	18.2
Sub-total (Equity Investments)					12,328	12,328	20.5
Total (United States)				$32,785	$44,567	$45,113	75.0%

(1) The majority of the investments bear interest at a rate that may be determined by reference to LIBOR or Prime and which reset daily, quarterly or semi-annually. The Company has provided the current interest rate in effect at December 31, 2010 for each investment. Certain investments are subject to a LIBOR or prime interest rate floor.

(2) Included in cash and cash equivalents and restricted cash and cash equivalents on the statement of assets and liabilities.

(3) Included in restricted cash and cash equivalents on the statement of assets and liabilities.

OFS Capital WM, LLC

Notes to Financial Statements
(Amounts in thousands)

Note 1. Nature of Business

OFS Capital WM, LLC ("OFS Capital WM", or the "Company"), is a newly formed Delaware limited liability company and wholly owned subsidiary of OFS Capital, LLC ("OFS Capital") (see note 3 for details about the September 28, 2010 OFS Capital WM Transaction and Note 6 about the OFS Capital WM Facility). OFS Capital WM was formed on August 11, 2010, commenced operations on September 28, 2010, and was organized with the limited purpose of holding, acquiring, managing and financing senior secured loan investments to middle-market companies in the United States. Under its Limited Liability Company Operating Agreement ("LLC Operating Agreement"), the Company has a perpetual existence until dissolved and terminated in accordance with its LLC Operating Agreement.

OFS Capital is the sole member of the Company and also acts as the administrative manager that carries out limited duties of the Company. MCF Capital Management, LLC, an affiliate of Madison Capital Funding, LLC, acts as the loan manager ("Loan Manager") under the terms of the OFS Capital WM Facility. The Loan Manager has the authority to service, administer and exercise rights and remedies in respect of the assets in OFS Capital WM's portfolio. The Loan Manager also has the authority to determine whether to cause assets to be sold or acquired by OFS Capital WM, subject to certain limited circumstances where OFS Capital has consent rights, as administrative manager of OFS Capital WM.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: The accompanying financial statements of the Company and related financial information have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"). In the opinion of management, the financial statements reflect all adjustments and reclassifications that are necessary for the fair presentation of financial results as of and for the period presented.

Accounting standards codification: In June 2009, the Financial Accounting Standards Board ("FASB") launched the FASB Accounting Standards Codification (the "Codification") as the single source of GAAP. While the Codification did not change GAAP, it introduced a new structure to the accounting literature and changed references to accounting standards and other authoritative accounting guidance. The Codification did not have an effect on the Company's statements of assets and liabilities, operations or changes in net assets.

Fair value of financial instruments: All investments are recorded at their estimated fair value, as described in Note 5.

Use of estimates: The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: Cash and cash equivalents consist of cash and highly liquid investments not held for resale with original maturities of three months or less. The Company places its cash in financial institutions and at times, such balances may be in excess of the Federal Deposit Insurance Corporation insurance limits.

OFS Capital WM, LLC

Notes to Financial Statements
(Amounts in thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

Restricted cash and cash equivalents: Restricted cash and cash equivalents represent amounts maintained in the Unfunded Exposure Account of OFS Capital WM as defined by the Loan Sale Agreement and other applicable transaction documents between OFS Capital WM and OFS Capital dated September 28, 2010 and are subject to lien of the trustee for the benefit of the secured parties of OFS Capital WM (see Note 3). Proceeds in the Unfunded Exposure Account along with advance under the OFS Capital WM Credit Facility (see Note 6) are utilized to fund certain eligible loans owned by OFS Capital WM that have unfunded revolving commitments.

Investments and related investment income: OFS Capital, the Company's administrative manager determines the fair value of its portfolio investments. Interest income is accrued based upon the outstanding principal amount and contractual interest terms of debt investments. The Company accrues interest income until certain events take place, which may place a loan into a non-accrual status. Premiums, discounts and origination fees are amortized or accreted into interest income over the life of the respective debt investment. For the period September 28, 2010 through December 31, 2010, interest income included $17 of such amounts.

For investment with contractual payment-in-kind interest ("PIK"), which represent contractual interest accrued and added to the principal balance that generally becomes due at maturity, the Company will not accrue PIK interest if the portfolio company valuation indicates that the PIK interest is not collectible. Investment transactions are accounted for on a trade-date basis. Realized gains or losses on investments are measured by the difference between the net proceeds from the disposition and the cost basis of investment, without regard to unrealized gains or losses previously recognized. The Company reports changes in fair value of investments that are measured at fair value as a component of the net change in unrealized appreciation (depreciation) on investments in the statement of operations.

Non-accrual loans: Loans on which the accrual of interest income has been discontinued are designated as non-accrual loans, and further designated as either non-accrual cash method or non-accrual cost recovery method. Loans are generally placed on non-accrual when a loan either: (i) is delinquent for 90 days or more on principal or interest based on contractual terms of the loan (unless well secured and in the process of collection), or (ii) in the opinion of management, has reasonable doubt about the collectability. When loans are placed on non-accrual status, all interest previously accrued but not collected is reversed against current period interest income. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment. Interest accruals are resumed on non-accrual loans only when they are brought current with respect to interest and principal and when, in the judgment of management, the loans are estimated to be fully collectible as to all principal and interest. There were no loans with non-accrual status as of December 31, 2010.

Deferred financing closing costs: Deferred financing costs represent fees and other direct incremental costs incurred in connection with the Company's borrowings. These amounts are amortized over the estimated average life of the borrowings. For the period September 28, 2010 through December 31, 2010, amortization expense amounted to $151.

Interest expense: Interest expense is recognized on the accrual basis.

Income taxes: OFS Capital WM does no record a provision for federal income taxes or deferred tax benefits because its income is taxable to its sole member.

OFS Capital WM, LLC

Notes to Financial Statements
(Amounts in thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

The Company follows the guidance in ASC Topic 740 – Income Taxes. ASC 740 establishes financial accounting and disclosure requirements for recognition and measurement of tax positions taken or expected to be taken on an income tax return and was effective for the Company for the period ended December 31, 2010. There were no material uncertain income tax positions at December 31, 2010 and for the period September 28, 2010 through December 31, 2010.

Recent accounting pronouncements: In January 2010, the FASB issued ASU No. 2010-06—*Fair Value Measurements and Disclosure (*ASC Topic 820*)—Improving Disclosures about Fair Value Measurements* ("ASU 2010-6"). ASU 2010-06 amends ASC Topic 820 to add new requirements for disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances and settlements relating to Level 3 measurements. ASU 2010-06 also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. The adoption of this pronouncement did not have a material impact on the Company's financial position, results of operations or cash flows.

Note 3. OFS Capital WM, LLC Transaction and Subsequent Events

On September 28, 2010, OFS Capital WM entered into a Loan Sale Agreement with OFS Capital, pursuant to which OFS Capital WM acquired eligible loans or 100% participating interest in certain loans as defined by the agreement ("Eligible Loans") from OFS Capital, in consideration for which OFS Capital WM paid cash of $36,255 and issued 100% membership interest in OFS Capital WM to OFS Capital ("OFS Capital WM Transaction"). OFS Capital WM financed the OFS Capital WM Transaction with Wells Fargo Bank, N.A. ("Wells Fargo") and Madison Capital Funding ("Madison Capital") (collectively, the "lenders") by repledging the Eligible Loans to the trustee for the benefit of the Lenders (see Note 6 for more details about the OFS Capital WM Credit Facility).

The OFS Capital WM Transaction was a true sale for legal purposes. Under the Loan Sale Agreement and other applicable closing documents ("Loan Documents") dated September 28, 2010, OFS Capital is not permitted to revoke the sale. Wells Fargo acts as both custodian and trustee for the benefit of the lenders under the WM Credit Facility. The Eligible Loans are repledged by OFS Capital WM for the benefit of the lenders. OFS Capital is not entitled or obligated to repurchase or redeem the Eligible Loans, other than a customary obligation to repurchase loans for breach of representations and warranties with respect to the eligibility of such loans. OFS Capital had the right, at its option, to purchase loans then owned by OFS Capital WM, at fair value, subject to a 20% Purchase and Substitution limit as prescribed in the Loan Documents (the "Call Right").

OFS Capital WM accounted for the OFS Capital WM Transaction as a secured borrowing in accordance with the relevant provisions under ASC Topic 860 (Transfers and Servicing). Accordingly, On September 28, 2010, OFS Capital WM recorded a receivable under securities loan agreement due from OFS Capital in the aggregate amount of $93,598 for the cash and fair value of 100% membership interest it issued to OFS Capital in connection with the OFS Capital WM Transaction. OFS Capital WM reclassified this to receivable repledged to creditor on the statement of assets and liabilities upon its repledging of the Eligible Loans under the custody of Wells Fargo, the trustee and a related party of OFS Capital WM, for the benefit of the lenders on September 28, 2010. As of December 31, 2010, the net realizable value of the receivable repledged to creditor was $81,351, which reflected an unrealized gain of $1,058 based on the unrealized appreciation of the Eligible Loans repledged for the benefit of the Lenders for the period September 28, 2010 through December 31, 2010. OFS

OFS Capital WM, LLC

Notes to Financial Statements
(Amounts in thousands)

Note 3. OFS Capital WM, LLC Transaction and Subsequent Events (Continued)

Capital WM recognized interest income on the receivable repledged to creditor in the amount of $1,441 for the period September 28, 2010 through December 31, 2010.

Subsequently, effective February 23, 2011, the Loan Documents were amended pursuant to which the Call Right and certain other rights of OFS Capital were removed. This amendment was entered into to ensure that the original intent of the parties to treat the OFS Capital WM Transaction as a true sale for both legal, accounting and any other purpose is satisfied and to sever any provision that may be interpreted as contrary to the intent of the parties.

The following pro forma statement of assets and liabilities assumes the above mentioned subsequent amendment of the Loan Documents took place on December 31, 2010, which would have resulted in the sale accounting treatment of the OFS Capital WM Transaction. Under the sale accounting, OFS Capital WM will record the loans it purchased from OFS Capital on September 28, 2010 at fair value and derecognize the receivable repledged to creditors.

	December 31, 2010		
	Historical	Sale Accounting Adjustment	Pro Forma after Sale Accounting Adjustment
Assets			
Investments, at fair value (cost $112,189)	$ 32,785	$ 80,711	$ 113,496
Cash and cash equivalents	1,396	—	1,396
Restricted Cash	10,932	—	10,932
Receivable repledged to creditor	81,351	(81,351)	—
Interest receivable	80	277	357
Due from OFS Capital	—	363	363
Deferred financing closing costs, net of accumulated amortization of $151	3,350	—	3,350
	129,894	—	129,894
Liabilities			
Revolving line of credit - Wells Fargo	48,962	—	48,962
Revolving line of credit - Madison Capital	20,000	—	20,000
Interest payable	707	—	707
Management fee payable	111	—	111
Due to affiliated entity	7	—	7
	69,787	—	69,787
Net Assets	$ 60,107	$ —	$ 60,107

Note 4. Related Party Transactions

For the period September 28, 2010 through December 31, 2010, OFS Capital WM incurred $8 of administrative expenses funded by an affiliated entity of OFS Capital. As of December 31, 2010, $7 of these expenses remained outstanding, which was subsequently repaid by OFS Capital in January 2011.

OFS Capital WM, LLC

Notes to Financial Statements
(Amounts in thousands)

Note 4. Related Party Transactions (Continued)

The Loan Manager is a related party of the Company as it is deemed to be the Company's primary beneficiary under the applicable provisions of ASC Topic 810 since it has the power to direct the activities of the Company that most significantly impact its economic performance. The Loan Manager charges both a senior and subordinated management fee to the Company for its services each at 0.25% per annum of the assigned value of the underlying portfolio investments, which value is determined by the controlling lender, plus an accrued fee that is deferred until after the end of the reinvestment period of the portfolio investments. For the period September 28, 2010 through December 31, 2010, the Company incurred a total of $111 of management fee to the Loan Manager, which was accrued and unpaid at December 31, 2010.

Note 5. Fair Value of Financial Instruments

The Company adopts ASC Topic 820 for measuring the fair value of the portfolio investments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under ASC Topic 820 as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under ASC Topic 820 are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The type of investments included in Level 1 includes listed equities and listed derivatives. As required by ASC Topic 820, the Company does not adjust the quoted price for these investments, even in situations where the Company holds a large position and a sale could reasonably impact the quoted price.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate bonds and liquid loans, thinly traded and restricted equity securities and certain over-the-counter derivatives. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3: Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information under the circumstances and may require significant management judgment or estimation. Investments that are included in this category generally include equity and debt positions in private companies and general and limited partnership interests in corporate private equity and real estate funds, debt funds, funds of hedge funds and distressed debt.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

Investments for which prices are not observable are generally private investments in the equity and debt securities of operating companies. The primary analytical method used to estimate the fair value of Level 3

OFS Capital WM, LLC

Notes to Financial Statements
(Amounts in thousands)

Note 5. Fair Value of Financial Instruments (Continued)

investments is the discounted cash flow method (although in certain instances a liquidation analysis or other methodology may be most appropriate). The discounted cash flow approach to determine fair value (or a range of fair values) involves applying an appropriate discount rate(s) to the estimated future cash flows using various relevant factors depending on investment type, including assumed growth rate (in cash flows) and capitalization rates/multiples (for determining terminal values of underlying portfolio companies). The valuation based on the inputs determined to be the most reasonable and probable is used as the fair value of the investment. The determination of fair value using these methodologies may take into consideration a range of factors including, but not limited to, the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance, and financing transactions subsequent to the acquisitions of the investment. Application of these valuation methodologies involves a significant degree of judgment by management.

The fair value of equity securities in portfolio companies may also consider the market approach—that is, through analyzing, and applying to the underlying portfolio companies, market valuation multiples of publicly-traded firms engaged in businesses similar to those of the portfolio companies. The market approach to determining the fair value of a portfolio company's equity security (or securities) will typically involve: 1) applying to the portfolio company's trailing twelve months (or current year projected) EBITDA a low to high range of enterprise value to EBITDA multiples that are derived from an analysis of publicly-traded comparable companies, in order to arrive at a range of enterprise values for the portfolio company; 2) subtracting from the range of calculated enterprise values the outstanding balances of any debt or equity securities that would be senior in right of payment to the equity securities held by the Company; and 3) multiplying the range of equity values derived therefrom by the Company's ownership share of such equity tranche in order to arrive at a range of fair values for the Company's equity security (or securities). Application of these valuation methodologies involves a significant degree of judgment by management.

Due to the inherent uncertainty of determining the fair value of Level 3 investments that do not have a readily available market value, the fair value of the investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that may ultimately be received or settled. Further, such investments are generally subject to legal and other restrictions or otherwise are less liquid than publicly traded instruments. If the Company were required to liquidate a portfolio investment in a forced or liquidation sale, the Company may realize significantly less than the value at which such investment had previously been recorded.

The Company's investments are subject to market risk. Market risk is the potential for changes in the value of investments due to market changes. Market risk is directly impacted by the volatility and liquidity in the markets in which the investments are traded.

OFS Capital WM, LLC

Notes to Financial Statements
(Amounts in thousands)

Note 5. Fair Value of Financial Instruments (Continued)

In accordance with ASC Topic 820, the following table presents information about the Company's investments and receivable repledged to creditor measured at fair value on a recurring basis, and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value:

		December 31, 2010		
		Fair Value Measurements Using		
Description	Total	Quoted Prices in Active Markets for Identical Asset (Level I)	Significant Other Observable Inputs (Level II)	Significant Other Unobservable Inputs (Level III)
Assets:				
Debt investments	$ 32,785	$ —	$ —	$ 32,785
Receivable repledged to creditor	81,351	—	—	81,351
Money market funds *	12,328	12,328	—	—
	$126,464	$ 12,328	$ —	$ 114,136

* Included in cash and cash equivalents and restricted cash and cash equivalents on the statement of assets and liabilities.

The following table presents the changes in investments and receivable repledged to creditor measured at fair value using Level 3 inputs:

	September 28, 2010 through December 31, 2010	
	Debt Investments	Receivable Repledged To Creditor
Fair value, beginning of period	$ —	$ —
Net change in unrealized appreciation on investments	546	—
Net change in unrealized appreciation on receivable repledged to creditor	—	1,058
Purchase of portfolio investments	32,537	—
Receivable repledged to creditor	—	93,598
Proceeds from principal payments of portfolio investments/collection of receivable repledged to creditor	(315)	(13,305)
Amortization of discounts and premium	17	—
	$ 32,785	$ 81,351

OFS Capital WM, LLC

Notes to Financial Statements
(Amounts in thousands)

Note 5. Fair Value of Financial Instruments (Continued)

As of December 31, 2010, the recorded carrying amounts and estimated fair values of the Company's financial instruments were as follows:

	December 31, 2010	
	Carrying Amount	Fair Value
Financial assets:		
Investments	$32,818	$32,785
Cash and cash equivalents	1,396	1,396
Restricted cash and cash equivalents	10,932	10,932
Receivable repledged to creditors	81,351	81,351
Interest receivable	80	80
Financial liabilities:		
Revolving line of credit—Wells Fargo	$48,962	$48,962
Revolving line of credit—Madison Capital	20,000	20,000
Interest payable	707	707

Note 6. OFS Capital WM Facility

On September 28, 2010, OFS Capital WM entered into a new $180,000 secured revolving credit facility (the "WM Credit Facility") with Wells Fargo and Madison Capital, with the Class A lenders (initially Wells Fargo) providing up to $135,000 in the Class A loans and the Class B lenders (initially Madison Capital) providing up to $45,000 in Class B loans to OFS Capital WM. The WM Credit Facility is secured by the Eligible Loans transferred to OFS Capital WM by OFS Capital on the date of the OFS Capital WM Transaction and any eligible loan assets subsequently acquired by OFS Capital WM. The loan facilities with Wells Fargo and Madison Capital have five- and six-year terms, respectively, and both facilities provide a one-year option for extension upon the approval of the Class A and Class B lenders. The loan facilities have a reinvestment period of two years after the closing date of the WM Credit Facility and can be extended by one year with the consent of each lender. Outstanding borrowings on the loan facilities are limited to the lesser of (1) $180,000 and (2) the borrowing base as defined by the Loan Documents. OFS Capital WM is obligated to pay interest on outstanding Class A loans and Class B loans on each quarterly payment date. Outstanding Class A loans accrue interest at a daily rate equal to LIBOR plus 3.00%. Outstanding Class B loans accrue interest at a daily rate equal to LIBOR plus 4.00%. OFS Capital WM has the right to repay loans outstanding under the facility in part from time to time. OFS Capital WM also has the right to repay the facility in full at any time. However, in the event of a repayment of the facility in full in the first or second year of the facility, OFS Capital WM is subject to a prepayment penalty of 2.0% in year one and 1.0% in year two, respectively, of the maximum facility amount. The unused commitment fee on the Class A loan facility is 0.5% per annum for the first six months after the WM Credit Facility closing date and thereafter (1) 0.5% of the first $25,000 of the unused facility and (2) 2% of the balance in excess of $25,000. The unused commitment fee on the Class B loan facility is 0.5% per annum.

As of December 31, 2010, the outstanding balances on the Class A and B loan facilities was $48,962 and $20,000, respectively. In connection with the WM Credit Facility, OFS Capital WM incurred financing costs of $3,501, which are deferred and being amortized over the terms of WM Credit Facility.

OFS Capital WM, LLC

Notes to Financial Statements
(Amounts in thousands)

Note 7. Commitments and Contingencies

At December 31, 2010, the Company had no outstanding commitments to fund its portfolio investments.

From time to time, the Company is involved in legal proceedings in the normal course of its business. Although the outcome of such litigation cannot be predicted with any certainty, management is of the opinion, based on the advice of legal counsel, that final disposition of any litigation should not have a material adverse effect on the financial position of the Company.

In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties that provide general indemnifications. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not occurred. The Company expects the risk of any future obligation under these indemnifications to be remote.

Note 8. Financial Highlights

The financial highlights for the period September 28, 2010 through December 31, 2010 are as follows:

Ratio to average net assets:	
Expenses (including interest)[2]	6.4%
Net investment income[2]	4.9%
Total return[1]	4.0%

[1] The total return is computed based on net increase in net assets resulting from operations divided by weighted average net assets
[2] Annualized

The inception-to-date internal rate of return ("IRR") is 16.8% and is computed on actual dates of cash inflows (capital contributions), outflows (capital distributions) and the ending net assets at the end of the period (residual value of net assets as of each measurement date).

Note 9. Subsequent Events – Not Disclosed Elsewhere

The Company has evaluated subsequent events and transactions for potential recognition and/or disclosure through March 16, 2011, the date the financial statements were available to be issued. Except as disclosed under other footnote sections, there are no additional subsequent events to disclose.

Shares

Common Stock

OFS CAPITAL CORPORATION

PROSPECTUS

, 2011

FBR CAPITAL MARKETS

Through and including , 2011 (25 days after the date of the prospectus), all dealers that effect transactions in our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligations to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

OFS CAPITAL CORPORATION

PART C
Other Information

Item 25. Financial Statements and Exhibits

(1) Financial Statements

The following financial statements of OFS Capital, LLC and Subsidiaries are provided in Part A of this Registration Statement:

The following financial statements of OFS Capital WM, LLC are provided in Part A of this Registration Statement:

(2) Exhibits

(a)(1)	Amended and Restated Certificate of Formation of OFS Capital, LLC(2)
(a)(2)	Form of Certificate of Incorporation of OFS Capital Corporation(2)
(b)(1)	Amended and Restated Limited Liability Company Agreement of OFS Capital, LLC(2)
(b)(2)	Form of Bylaws of OFS Capital Corporation(2)
(c)	Not applicable
(d)	Form of Stock Certificate of OFS Capital Corporation(2)
(e)	Form of Dividend Reinvestment Plan(2)
(f)	Not applicable
(g)	Form of Investment Advisory and Management Agreement between OFS Capital Corporation and OFS Capital Management, LLC(2)
(h)	Form of Underwriting Agreement(1)
(i)	Not applicable
(j)	Form of Custody Agreement(2)

(k)(1)	Form of Administration Agreement between OFS Capital Corporation and OFS Capital Services, LLC(2)
(k)(2)	Form of License Agreement between the OFS Capital Corporation and Orchard First Source Asset Management, LLC(2)
(k)(3)	Loan and Security Agreement by and among MCF Capital Management LLC, OFS Capital WM, LLC, each of the Class A Lenders from time to time party thereto, each of the Class B lenders from time to time party thereto, Wells Fargo Securities, LLC, and Wells Fargo Delaware Trust Company, N.A., dated as of September 28, 2010(3)
(k)(4)	Pledge Agreement made by OFS Capital, LLC, OFS Capital WM, LLC and OFS Funding, LLC in favor of Wells Fargo Delaware Trust Company, N.A., as Trustee, for the benefit of the Secured Parties, dated as of September 28, 2010(3)
(k)(5)	Account Control Agreement by and among OFS Capital WM, LLC, Wells Fargo Delaware Trust Company, N.A., Wells Fargo Securities, LLC and Wells Fargo Bank, National Association, dated as of September 28, 2010(3)
(k)(6)	Participation Agreement dated as of September 28, 2010, by and between OFS Funding, LLC and OFS Capital, LLC(3)
(k)(7)	Loan Sale Agreement by and between OFS Capital, LLC, and OFS Capital WM, LLC, dated as of September 28, 2010(3)
(k)(8)	First Amendment to Loan Sale Agreement among OFS Capital WM, LLC and OFS Capital, LLC, dated February 23, 2011(2)
(k)(9)	Amended and Restated Consent Procedures Letter among OFS Capital, LLC, OFS Capital WM, LLC, Madison Capital Funding LLC, and MCF Capital Management LLC, dated February 23, 2011 (Loan and Security Agreement – Exhibit L)(2)
(k)(10)	Form of Indemnification Agreement between OFS Capital Corporation and each of its directors and executive officers(2)
(k)(11)	Form of Registration Rights Agreement between OFS Capital Corporation and Orchard First Source Asset Management, LLC(1)
(l)	Opinion and Consent of Sullivan & Cromwell LLP(1)
(m)	Not applicable
(n)(1)	Consent of McGladrey & Pullen, LLP(2)
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(n)(5)	Consent of Duff & Phelps, LLC(2)
(o)	Not applicable
(p)	Not applicable
(q)	Not applicable
(r)(1)	Code of Ethics of OFS Capital Corporation(2)
(r)(2)	Code of Ethics of OFS Advisor (incorporated by reference to Exhibit (r)(1) hereto)

(1) To be filed by amendment.

(2) Filed herewith.

(3) Previously filed.

Item 26. Marketing Arrangements

The information contained under the heading “Underwriting” on this Registration Statement is incorporated herein by reference.

Item 27. Other Expenses of Issuance and Distribution

Securities and Exchange Commission registration fee	$10,695
FINRA filing fee	15,500
Nasdaq Global Market listing fees	
Printing expenses	(1)
Legal fees and expenses	(1)
Accounting fees and expenses	(1)
Miscellaneous	(1)
Total	$ (1)

(1) These amounts are estimates.

All of the expenses set forth above shall be borne by the Registrant.

Item 28. Persons Controlled by or Under Common Control

Immediately prior to this offering, OFSAM will own 100% of our outstanding common stock. Following the completion of this offering, OFSAM's share ownership is expected to represent approximately % of our outstanding common stock.

Upon the consummation of this offering, we will own 100% of the limited liability company interests of OFS Funding, LLC, a Delaware limited liability company, all of the partnership interests of SBIC GP, and all of the partnership interests in our SBIC subsidiary. The financial condition and results of operations of OFS Funding, SBIC GP and our SBIC subsidiary will be included in the registrant's consolidated financial statements. The Registrant will also own 100% of the limited liability company interests of OFS Capital WM, LLC, a Delaware limited liability company. Under generally accepted accounting principles, OFS Capital WM will not be consolidated in the Registrant's financial statements, but separate financial statements for OFS Capital WM, LLC are filed herewith.

Item 29. Number of Holders of Securities

The following table sets forth the approximate number of record holders of our common stock as of , 2011.

Title of Class	Number of Record Holders
Common Stock, $0.01 par value	1

Item 30. Indemnification

As permitted by Section 102 of the DGCL, we have adopted provisions in our certificate of incorporation, that limit or eliminate the personal liability of its directors for a breach of their fiduciary duty of care as a director. The duty of care generally requires that, when acting on behalf of the corporation, directors exercise an informed business judgment based on all material information reasonably available to them. Consequently, a director will not be personally liable to us or our stockholders for monetary damages or breach of fiduciary duty as a director, except for liability for: any breach of the director's duty of loyalty to us or our stockholders; any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law; any act related to unlawful stock repurchases, redemptions or other distributions or payment of dividends; or any transaction from which the director derived an improper personal benefit. These limitations of liability do not affect the availability of equitable remedies such as injunctive relief or rescission.

Our certificate of incorporation and bylaws provide that all directors, officers, employees and agents of the Registrant shall be entitled to be indemnified by us to the fullest extent permitted by the DGCL, subject to the

requirements of the 1940 Act. Under Section 145 of the DGCL, we are permitted to offer indemnification to our directors, officers, employees and agents.

Section 145(a) of the DGCL provides, in general, that a corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), because the person is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of any other enterprise. Such indemnity may be against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding, if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and if, with respect to any criminal action or proceeding, the person did not have reasonable cause to believe the person's conduct was unlawful.

Section 145(b) of the DGCL provides, in general, that a corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor because the person is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of any other enterprise, against any expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 145(g) of the DGCL provides, in general, that a corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of any other enterprise, against any liability asserted against the person in any such capacity, or arising out of the person's status as such, regardless of whether the corporation would have the power to indemnify the person against such liability under the provisions of the law. We have obtained liability insurance for the benefit of our directors and officers.

The Investment Advisory Agreement provides that OFS Advisor and its and its affiliates' officers, directors, members, managers, stockholders and employees are entitled to indemnification from us for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and other amounts reasonably incurred) arising from the rendering of OFS Advisor's services under the Investment Advisory Agreement, except where attributable to willful misfeasance, bad faith or gross negligence in the performance of such person's duties, or reckless disregard of such person's obligations and duties under the Investment Advisory Agreement.

The Administration Agreement provides that OFS Services and its and its affiliates' officers, directors, members, managers, stockholders and employees are entitled to indemnification from us for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of OFS Services' services under the Administration Agreement or otherwise as our administrator, except where attributable to willful misfeasance, bad faith or gross negligence in the performance of such person's duties, or reckless disregard of such person's obligations and duties under the Administration Agreement.

Insofar as indemnification for liability arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, we have

been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by us of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by us is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

Item 31. Business and Other Connections of Investment Advisor.

A description of any other business, profession, vocation or employment of a substantial nature in which OFS Advisor, and each managing director, director or executive officer of OFS Advisor, is or has been during the past two fiscal years, engaged in for his or her own account or in the capacity of director, officer, employee, partner or trustee, is set forth in Part A of this Registration Statement in the sections entitled “Management.” Additional information regarding the OFS Advisor and its officers and directors is set forth in its Form ADV, as filed with the SEC (File No. 801-71366), and is incorporated herein by reference.

Item 32. Location of Accounts and Records.

All accounts, books and other documents required to be maintained by Section 31(a) of the 1940 Act, and the rules thereunder are maintained at the offices of:

(1) OFS Capital Corporation, 2850 West Golf Road, 5th Floor, Rolling Meadows, Illinois 60008;

(2) the transfer agent, American Stock Transfer & Trust Company, LLC, 6201 15th Avenue, Brooklyn, NY 11219;

(3) the custodian, U.S. Bank National Association, One Federal Street, 3rd Floor, Boston, MA 02110; and

(4) OFS Capital Management, LLC, 2850 West Golf Road, 5th Floor, Rolling Meadows, Illinois 60008.

Item 33. Management Services

Not Applicable.

Item 34. Undertakings

(1) We undertake to suspend the offering of shares until the prospectus is amended if (1) subsequent to the effective date of its registration statement, the net asset value declines more than 10% from its net asset value as of the effective date of the registration statement; or (2) the net asset value increases to an amount greater than the net proceeds as stated in the prospectus.

(2) Not applicable.

(3) Not applicable.

(4) Not applicable.

(5) We undertake that:

(a) For the purpose of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by us pursuant to Rule 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(b) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(6) Not applicable.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Pre-Effective Amendment No. 3 to the Registration Statement on Form N-2 to be signed on its behalf by the undersigned, thereunto duly authorized, in Rolling Meadows, Illinois, on the 17th day of March, 2011.

OFS CAPITAL, LLC

By: /S/ GLENN R. PITTSON
Name: Glenn R. Pittson
Title: Director

Pursuant to the requirements of the Securities Act of 1933, this Pre-Effective Amendment No. 3 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/S/ GLENN R. PITTSON Glenn R. Pittson	Director and Chief Executive Officer (Principal Executive Officer)	March 17, 2011
/S/ BILAL RASHID Bilal Rashid	Director	March 17, 2011
/S/ ROBERT S. PALMER Robert S. Palmer	Chief Financial Officer (Principal Financial Officer)	March 17, 2011
/S/ BEI ZHANG Bei Zhang	Chief Accounting Officer (Principal Accounting Officer)	March 17, 2011

EXHIBIT INDEX

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(q)	Not applicable
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(r)(2)	Code of Ethics of OFS Advisor (incorporated by reference to exhibit (r)(1) hereto)

(1) To be filed by amendment.

(2) Filed herewith.

(3) Previously filed.

Exhibit (a)(1)

AMENDED AND RESTATED

CERTIFICATE OF FORMATION

OF

OFS CAPITAL, LLC

This Amended and Restated Certificate of Formation of OFS Capital, LLC (the "LLC"), dated as of February 15, 2011, has been duly executed and is being filed by Jeffrey Cerny, as an authorized person, in accordance with the Delaware Limited Liability Company Act (6 Del. C. § 18-208), to amend and restate the original Certificate of Formation of the LLC, which was filed under the name "Paladin Management Partners, LLC" on March 20, 2001 with the Secretary of State of the State of Delaware, as heretofore amended (the "Certificate"), to form a limited liability company under the Delaware Limited Liability Company Act (6 Del. C. §18-101, et seq.).

The Certificate is hereby amended and restated in its entirety to read as follows:

FIRST: The name of the limited liability company formed and continued hereby is OFS Capital, LLC.

SECOND: The address of the registered office of the LLC in the State of Delaware is c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

THIRD: The name and address of the registered agent for service of process on the LLC in the State of Delaware is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

IN WITNESS WHEREOF, the undersigned has executed this Amended and Restated Certificate of Formation as of the date first written above.

OFS CAPITAL, LLC

By: /s/ Jeffrey Cenry
Name: Jeffrey Cerny
Title: Authorized Person

CERTIFICATE OF INCORPORATION

OF

OFS CAPITAL CORPORATION

FIRST. The name of the corporation is OFS Capital Corporation.

SECOND. The address of the corporation's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

THIRD. The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH. The total number of shares of all classes of stock which the corporation shall have authority to issue is , of which shares of the par value of $0.01 per share shall be designated as Common Stock and shares of the par value of $0.01 per share shall be designated as Preferred Stock. Shares of Preferred Stock may be issued in one or more series from time to time by the board of directors, and the board of directors is expressly authorized to fix by resolution or resolutions the designations and the powers, preferences and rights, and the qualifications, limitations and restrictions thereof, of the shares of each series of Preferred Stock, including without limitation the following:

(a) the distinctive serial designation of such series which shall distinguish it from other series;

(b) the number of shares included in such series;

(c) the dividend rate (or method of determining such rate) payable to the holders of the shares of such series, any conditions upon which such dividends shall be paid and the date or dates upon which such dividends shall be payable;

(d) whether dividends on the shares of such series shall be cumulative and, in the case of shares of any series having cumulative dividend rights, the date or dates or method of determining the date or dates from which dividends on the shares of such series shall be cumulative;

(e) the amount or amounts which shall be payable out of the assets of the corporation to the holders of the shares of such series upon voluntary or involuntary liquidation, dissolution or winding up the corporation, and the relative rights of priority, if any, of payment of the shares of such series;

(f) the price or prices at which, the period or periods within which and the terms and conditions upon which the shares of such series may be redeemed, in whole or in part, at the option of the corporation or at the option of the holder or holders thereof or upon the happening of a specified event or events;

(g) the obligation, if any, of the corporation to purchase or redeem shares of such series pursuant to a sinking fund or otherwise and the price or prices at which, the period or periods within which and the terms and conditions upon which the shares of such series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(h) whether or not the shares of such series shall be convertible or exchangeable, at any time or times at the option of the holder or holders thereof or at the option of the corporation or upon the happening of a specified event or events, into shares of any other class or classes or any other series of the same or any other class or classes of stock of the corporation, and the price or prices or rate or rates of exchange or conversion and any adjustments applicable thereto; and

(i) whether or not the holders of the shares of such series shall have voting rights, in addition to the voting rights provided by law, and if so the terms of such voting rights.

Subject to the rights of the holders of any series of Preferred Stock, the number of authorized shares of any class or series of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the outstanding shares of such class or series, voting together as a single class, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law of Delaware or any corresponding provision hereafter enacted.

FIFTH. The name and mailing address of the incorporator is Mark Piesner, Sullivan & Cromwell, LLP, 1888 Century Park East, Suite 2100, Los Angeles, CA 90067. The powers of the incorporator shall terminate upon the filing of this certificate of incorporation, and the names and mailing addresses of the persons who are to serve as directors until their successors are elected and qualified are as follows:

Name	Position	Director Class	Expiration of Initial Term	Address
Glenn R. Pittson	Chairman	Class III	2014	2850 West Golf Road, 5th Floor, Rolling Meadows, Illinois 60008
Bilal Rashid	Director	Class III	2013	2850 West Golf Road, 5th Floor, Rolling Meadows, Illinois 60008
Marc Abrams	Director	Class II	2014	2850 West Golf Road, 5th Floor, Rolling Meadows, Illinois 60008
Robert J. Cresci	Director	Class II	2013	2850 West Golf Road, 5th Floor, Rolling Meadows, Illinois 60008
Elaine E. Healy	Director	Class I	2012	2850 West Golf Road, 5th Floor, Rolling Meadows, Illinois 60008

SIXTH. The board of directors of the corporation is expressly authorized to adopt, amend or repeal bylaws of the corporation.

SEVENTH. Elections of directors need not be by written ballot except and to the extent provided in the bylaws of the corporation.

EIGHTH. The number of directors of the corporation shall be fixed from time to time by the board of directors pursuant to the bylaws of the corporation. The directors of the corporation shall be divided into three classes, Class I, Class II, and Class III, as nearly equal in number as reasonably possible, as determined by the board of directors, and the term of office of directors of one class shall expire at each annual meeting of stockholders, and in all cases as to each director such term shall extend until his or her successor shall have been duly elected and qualified. The initial term of office of directors of Class I shall expire at the annual meeting of stockholders in 2012, the initial term of office of directors of Class II shall expire at the annual meeting of stockholders in 2013 and the initial term of office of directors of Class III shall expire at the annual meeting of stockholders in 2014. At each annual meeting of stockholders, directors elected to succeed the directors whose terms expire at such annual meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders in the third year following the year of their election and until their successors have been duly elected and qualified. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain or attain a number of directors in each class as nearly equal as reasonably possible, but no decrease in the number of directors may shorten the term of any incumbent director. No director may be removed except for cause, and then only by the affirmative vote of the holders of not less than two-thirds of the shares then entitled to vote at an election of directors. For the purpose of this paragraph, “cause” shall mean, with respect to any particular director, conviction of a felony or a final judgment of a court of competent jurisdiction holding that such director caused

demonstrable, material harm to the Corporation through bad faith or active and deliberate dishonesty.

In the event that the holders of any class or series of stock of the corporation shall be entitled, voting separately as a class, to elect any directors of the corporation, then the number of directors that may be elected by such holders shall be in addition to the number fixed pursuant to the bylaws of the corporation and, except as otherwise expressly provided in the terms of such class or series, the terms of the directors elected by such holders shall expire at the annual meeting of stockholders next succeeding their election without regard to the classification of the remaining directors.

Subject to applicable requirements of the Investment Company Act of 1940, as amended, including Section 16(b) thereunder, and except as may be provided by the board of directors in setting the terms of any class or series of Preferred Stock, any and all vacancies on the board of directors 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 shall serve for the remainder of the full term of the directorship in which such vacancy occurred and until a successor is duly elected and qualifies. Subject to the provisions of this certificate of incorporation, no decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

NINTH. Any action required or permitted to be taken by the holders of any class or series of stock of the corporation, including but not limited to the election of directors, may be taken by written consent or consents but only if such consent or consents are signed by all holders of the class or series of stock entitled to vote on such action.

TENTH. Except as otherwise required by law, special meetings of stockholders may only be called by the chairman of the board of directors, if any, the vice chairman of the board of directors, if any, the president of the corporation or the board of directors, and shall be called by the secretary of the corporation upon the written request, stating the purpose of the meeting, of stockholders who together own of record a majority of the outstanding shares of each class of stock entitled to vote at such meeting.

ELEVENTH. A director of the corporation shall not be liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent that such exemption from liability or limitation thereof is not permitted under the Investment Company Act of 1940, as amended, including Section 17(h) thereunder, or the Delaware General Corporation Law as currently in effect or as the same may hereafter be amended. No amendment, modification or repeal of this Article ELEVENTH shall adversely affect any right or protection of a director that exists at the time of such amendment, modification or repeal.

IN WITNESS WHEREOF, I have executed, acknowledge and filed this certificate of incorporation this day of , 2011.

Mark Piesner

AMENDED AND RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

OF

OFS CAPITAL, LLC

As of April 23, 2010

AMENDED AND RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

OF

OFS CAPITAL, LLC

This Amended and Restated Limited Liability Company Agreement (this "Agreement") of OFS Capital, LLC (the "LLC") (f/k/a Old Orchard First Source Asset Management, LLC), is entered into by the sole member of the LLC, and by and among each other Person who, in accordance with the terms of this Agreement, executes a counterpart signature to this Agreement in the future.

1. Name. (a) The name of the limited liability company formed hereby is OFS Capital, LLC, f/k/a Old Orchard First Source Asset Management, LLC. The business of the LLC may be conducted under any other name deemed necessary or desirable by the Manager (as defined below).

(b) The LLC is a limited liability company pursuant to the provisions of the Delaware Limited Liability Company Act (6 Del. C. §18-101, et seq) (the "Act") and of this Agreement. The rights, duties and liabilities of the Members and the Manager (as defined below) shall be as provided in the Act for members and managers except as provided herein.

2. Purpose. (a) The LLC is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the LLC is, engaging in any lawful act or activity for which limited liability companies may be formed under the Act and engaging in any and all activities necessary or incidental to the foregoing. The LLC shall have the power to do any and all acts necessary, appropriate, proper, advisable, incidental or convenient to or for the furtherance of the purpose and business described herein.

(b) The LLC may execute, deliver and perform all contracts, agreements and other undertakings and engage in all activities and transactions as may in the opinion of the Manager be necessary or advisable to carry out the objects and purposes of the LLC.

3. Registered Office; Registered Agent. The address of the registered office of the LLC in the State of Delaware is 1209 Orange Street, Wilmington, Delaware 19801. The name and address of the registered agent of the LLC for service of process on the LLC in the State of Delaware is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle Country, Delaware 19801.

4. Principal Office. The principal office address of the LLC shall be OFS Capital, LLC, 2850 West Golf Road, Suite 520, Rolling Meadows, Illinois 60008, or such other place as the Manager may determine from time to time.

5. Members. The name, mailing address and percentage interest in the LLC of each of the Members is as set forth on Annex A hereto. The Members hereby agree to be bound by the terms of this Agreement.

6. Powers. The management of the LLC shall be vested exclusively in the manager or managers appointed pursuant to Section 7(a). The Members, in such capacity, shall have no part in the management of the LLC and shall have no authority or right to act on behalf of or bind the LLC in connection with any matter, except certain tax matters as deemed necessary or appropriate by the managers. Each of Richard Ressler, Jeffrey Cerny, Kathi Inorio and Patrick Brown is hereby designated as an authorized person, within the meaning of the Act, to execute, deliver and file any amendments and/or restatements to the Certificate of Formation of the LLC and any other certificates (and any amendments and/or restatements thereof) necessary for the LLC to qualify to do business in any jurisdiction in which the LLC may wish to conduct business as well as such other agreements and instruments in connection with matters and transactions otherwise approved by the LLC with respect to conduct of its business.

7. Management. (a) Management of the LLC shall be vested in one or more managers who shall be appointed by the Members. The Members hereby appoint Orchard First Source Asset Management, LLC as the manager of the LLC (the "Manager"), and the Manager hereby accepts such appointment and agrees to be bound by the provisions of this Agreement. To the extent permitted by law, and except as otherwise provided in this Agreement, the Manager shall be authorized to act on behalf of and to bind the LLC in all respects, with full power of substitution, without any further consent, vote or approval of the Members, and the Manager's powers shall include, without limitation, the authority to negotiate, complete, execute and deliver any and all agreements, deeds, instruments, receipts, certificates and other documents on behalf of the LLC, and to take all such other actions on behalf of the LLC as the Manager may consider necessary or advisable in connection with the management of the LLC including the delegation of its management authority to a Board of Directors as provided in Section 8 below.

(b) Any Manager appointed pursuant to Section 7(a) may resign at any time upon written notice to the Members, and may be removed by unanimous action of the Members at any time upon written notice to the Manager.

(c) The Members agree that all determinations, decisions and actions made or taken by the Manager in accordance with this Agreement shall be conclusive and absolutely binding upon the LLC, the Members and their respective successors, assigns and personal representatives.

(d) Persons dealing with the LLC are entitled to rely conclusively upon the power and authority of the Manager as herein set forth.

8. Board of Directors.

(a) Establishment of Board of Directors. The Manager hereby establishes a Board of Directors (the "Board of Directors") and, except as provided herein, hereby irrevocably delegates to the Board of Directors such authority, rights and powers with respect to the LLC and the officers and employees of the LLC as the board of directors of a corporation organized for profit under the Delaware General Corporation Law would have with respect to the corporations and the officers and employees of such corporations. Except as provided below, in furtherance and not in limitation of the foregoing, and notwithstanding anything to the contrary contained in

this Agreement or any provision of this Agreement that authorizes the Manager to take any action, exercise any discretion or make any determination over any matters, the Manager shall not take any action, exercise any discretion or make any determination without the consent and approval of, and shall take all actions and decisions as directed by, the Board of Directors.

(b) General Powers. The Board of Directors is authorized, directed and empowered to take all actions necessary or appropriate to fulfill its obligations and duties under this Agreement. In furtherance of the foregoing, the directors of the LLC shall have the power to execute and deliver, or to authorize any officer or employee of the LLC, the Manager or their respective affiliates to execute and deliver, any documents and shall have the power to take, or to cause such persons to take, any actions, as the Board of Directors shall deem necessary or appropriate, to carry out fully their duties and obligations set forth hereunder.

(c) Number, Qualification and Term of Office. (i) The number of directors which shall constitute the whole Board of Directors shall be no fewer than two and no more than five. The number of directors which shall constitute the whole Board of Directors shall be determined, within such range, from time to time by resolution adopted by a majority of the Board of Directors then in office.

(ii) Directors shall be selected by Members holding a majority of the membership interests of the Company. Each director shall serve until such director's successor is duly elected and qualified, or until such director's earlier death, resignation or removal.

(d) Resignations. Any director may resign at any time by giving notice of such director's resignation in writing or by electronic transmission to the Chairman of the Board, if there be one, or the Manager of the LLC. Any such resignation shall take effect at the time specified therein, or if the time when it shall become effective shall not be specified therein, then it shall take effect immediately upon its receipt by the LLC. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

(e) Place of Meetings. The Board of Directors may hold meetings either within or without the State of Delaware.

(f) Action Without Meeting. Any action required or permitted to be taken at any meeting by the Board of Directors or may be taken without a meeting if a consent thereto is signed or transmitted electronically, as the case may be, by the number of members of the Board whose approval would be required if all directors then in the office were present at such meeting and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors.

(g) Conference Telephone Meetings. Members of the Board of Directors, may participate in a meeting of the Board of Directors by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

(h) Quorum. At all meetings of the Board of Directors, a majority of the then total number of directors in office shall constitute a quorum for the transaction of business. The

act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, a majority of the directors present thereat may adjourn the meeting from time to time without further notice other than announcement at the meeting. The members of the Board of Directors present at a duly organized meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough members of the Board of Directors to leave less than a quorum.

9. Capital Contributions. The Members have made or will make or succeeded to the contributions to the capital of the LLC in the amounts and proportions set forth on Annex A hereto. The Members shall have no obligation to make any additional capital contributions to the LLC.

10. Additional Contributions. With the approval of the Manager, the Members may make such additional capital contributions to the LLC as they may deem necessary or advisable in connection with the business of the LLC.

11. Capital Accounts. The LLC shall maintain for each Member a capital account in accordance with this Section 11 and in accordance with the rules of Treasury Regulation Section 1.704-l(b)(2)(iv). Each Member's capital account shall have an initial balance equal to the amount of cash or other property constituting such Member's initial contribution to the capital of the LLC. Each Member's capital account shall be increased by the sum of (a) the amount of cash or other property constituting additional contributions by such Member to the capital of the LLC, plus (b) any profits allocated to such Member's capital account pursuant to Section 11. Each Member's capital account shall be reduced by the sum of (a) the amount of cash and the fair value of any property distributed by the LLC to such Member, plus (b) any losses allocated to such Member's capital account pursuant to Section 11.

12. Allocation of Profits and Losses. The LLC's profits and losses shall be allocated among and credited to the capital accounts of the Members in accordance with each Member's percentage interest in the LLC as set forth on Annex A hereto.

13. Distributions. (a) No Member shall (i) be entitled to interest on its capital contributions to the LLC, or (ii) have the right to distributions or the return of any contribution to the capital of the LLC except (A) for distributions in accordance with this Section 13 or (B) upon dissolution of the LLC. The entitlement to any such return at such time shall be limited to the value of the capital account of the Member. To the fullest extent permitted by the Act, no Member shall be liable for the return of any such amounts. The LLC shall not make a distribution to a Member if such distribution would violate Section 18-607 of the Act.

(b) Distributions shall be made to the Members at the times and in the aggregate amounts determined by the Manager.

14. Fiscal Year; Tax Matters. (a) The Fiscal Year of the LLC for accounting and tax purposes shall begin on January 1 and end on December 31 of each year, except for the short taxable years in the years of the LLC's formation and termination and as otherwise required by the Internal Revenue Code of 1986, as amended (the "Code").

(b) Proper and complete records and books of account of the business of the LLC shall be maintained at the LLC's principal place of business. Each of the Members acknowledges and agrees that the LLC is intended to be classified and treated as a partnership for federal income tax purposes. The LLC's books of account shall be maintained on a basis consistent with such treatment and on the same basis utilized in preparing the LLC's United States federal income tax return. Each Member and its duly authorized representatives may, for any reason reasonably related to its interest as a Member of the LLC, examine the LLC's books of account and make copies and extracts therefrom at its own expense. The Manager shall maintain the records of the LLC for three years following the termination of the LLC.

15. Assignments and Transfers of Interests. A Member may transfer all or any portion of its interest in the LLC to any person at any time with the consent of the Board of Directors.

16. Admission of Additional Members. One (1) or more additional Members may be admitted to the LLC with the consent of the Board of Directors.

17. Liability of Members. The Members shall not have any liability for the obligations or liabilities of the LLC except to the extent provided in the Act.

18. Dissolution. (a) Subject to the occurrence of an event of dissolution pursuant to Section 19(b), the LLC shall have perpetual existence.

(b) The LLC shall dissolve, and its affairs shall be wound up upon the first to occur of the following: (i) the unanimous written consent of the Members, (ii) the written determination of the Board of Directors, (iii) the death, retirement, resignation, expulsion, bankruptcy or dissolution of a Member or the occurrence of any other event which terminates the continued membership of a Member in the LLC, including the disposition of all or a portion of a Member's interest in the LLC without the prior consent of the Board of Directors, unless the business of the LLC is continued by the consent of all of any remaining Members of the LLC within 90 days following the occurrence of any such event or in a manner permitted by the Act, or (iv) the entry of a decree of judicial dissolution under Section 18-802 of the Act.

19. Indemnification. To the full extent permitted by law, the LLC shall (a) indemnify any person or such person's heirs, distributees, next of kin, successors, appointees, executors, administrators, legal representatives or assigns who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that such person is or was a member, manager, director, officer, employee or agent of the LLC or is or was serving at the request of the LLC, the Board of Directors or its Manager as a member, manager, director, officer, employee or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, domestic or foreign, against expenses, attorneys' fees, court costs, judgments, fines, amounts paid in settlement and other losses actually and reasonably incurred by such person in connection with such action, suit or proceeding and (b) advance expenses incurred by a member, manager, officer or director in defending and/or investigating such civil or criminal action, suit or proceeding to the full extent authorized or permitted by the laws of the State of Delaware. A manager shall have no personal liability to the LLC or its

members for monetary damages for breach of fiduciary duty as a manager; provided, however, that the foregoing provision shall not eliminate the liability of a manager for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law or for any transaction from which the manager derived an improper personal benefit.

20. Amendments. Any amendments to this Agreement shall be in writing signed by the Members and by any Manager or Managers.

21. Governing Law. This Agreement is governed by, and shall be construed under, the laws of the State of Delaware, all rights and remedies being governed by said laws. The Members intend the provisions of the Act to be controlling as to any matters not set forth in this Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, have duly executed this Amended and Restated Limited Liability Company Agreement as of the day first above written.

Member:

Orchard First Source Asset Management, LLC

By: /s/ Kathi J. Inorio
Name: Kathi J. Inorio
Title: Secretary

Manager:

Orchard First Source Asset Management, LLC

By: /s/ Kathi J. Inorio
Name: Kathi J. Inorio
Title: Secretary

ANNEX A

Name and Address of Member	Initial Contribution	Percentage Interest (%)
Orchard First Source Asset Management, LLC 2850 West Golf Road, Suite 520, Rolling Meadows, IL 60008	$ 10.00	100%

BYLAWS

OF

OFS CAPITAL CORPORATION

ARTICLE I

Stockholders

Section 1.1. Annual Meetings. An annual meeting of stockholders of OFS Capital Corporation (the "Corporation") shall be held for the election of directors at such date, time and place either within or without the State of Delaware as may be designated by the board of directors of the Corporation (the "Board of Directors") from time to time. Any other business as is properly brought before the meeting in accordance with these bylaws ("Bylaws") may be transacted at the annual meeting.

Section 1.2. Special Meetings. Except as otherwise required by law, special meetings of stockholders may only be called by the Chairman of the Board of Directors, if any, the Vice Chairman of the Board of Directors, if any, the President or the Board of Directors, to be held at such date, time and place either within or without the State of Delaware as may be stated in the notice of the meeting, and a special meeting of stockholders shall be called by the Secretary upon the written request, stating the purpose of the meeting, of stockholders who together own of record a majority of the outstanding shares of each class of stock entitled to vote at such meeting.

Section 1.3. Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, the written notice of any meeting shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation.

Section 1.4. Adjournments. Any meeting of stockholders, annual or special, may be adjourned from time to time, to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 1.5. Quorum. At each meeting of stockholders, except where otherwise provided by law or the Certificate of Incorporation of the Corporation, as amended and/or

restated from time to time (the "Certificate of Incorporation") or these Bylaws, the holders of a majority of the outstanding shares of stock entitled to vote on a matter at the meeting, present in person or represented by proxy, shall constitute a quorum. For purposes of the foregoing, where a separate vote by class or classes is required for any matter, the holders of a majority of the outstanding shares of such class or classes, present in person or represented by proxy, shall constitute a quorum to take action with respect to that vote on that matter. Two or more classes or series of stock shall be considered a single class if the holders thereof are entitled to vote together as a single class at the meeting. In the absence of a quorum of the holders of any class of stock entitled to vote on a matter, the holders of such class so present or represented may, by majority vote, adjourn the meeting of such class from time to time in the manner provided by Section 1.4 of these Bylaws until a quorum of such class shall be so present or represented. Shares of its own capital stock belonging on the record date for the meeting to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

Section 1.6. Organization. (a) Meetings of stockholders shall be presided over by the Chairman of the Board of Directors, if any, or in the absence of the Chairman of the Board of Directors by the Vice Chairman of the Board of Directors, if any, or in the absence of the Vice Chairman of the Board of Directors by the President, or in the absence of the President by a Vice President, or in the absence of the foregoing persons by a chairman designated by the Board of Directors, or in the absence of such designation by a chairman chosen at the meeting. The Secretary, or in the absence of the Secretary an Assistant Secretary, shall act as secretary of the meeting, but in the absence of the Secretary and any Assistant Secretary the chairman of the meeting may appoint any person to act as secretary of the meeting.

(b) The order of business at each such meeting shall be as determined by the chairman of the meeting. The chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts and things as are necessary or desirable for the proper conduct of the meeting, including, without limitation, the establishment of procedures for the maintenance of order and safety, limitations on the time allotted to questions or comments on the affairs of the Corporation, restrictions on entry to such meeting after the time prescribed for the commencement thereof and the opening and closing of the voting polls.

Section 1.7. Inspectors. Prior to any meeting of stockholders, the Board of Directors or the President shall appoint one or more inspectors to act at such meeting and make a written report thereof and may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at the meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall ascertain the number of shares outstanding and the voting power of each, determine the shares represented at the meeting and the validity of proxies and ballots, count all votes and ballots, determine and retain for a

reasonable period a record of the disposition of any challenges made to any determination by the inspectors and certify their determination of the number of shares represented at the meeting and their count of all votes and ballots. The inspectors may appoint or retain other persons to assist them in the performance of their duties. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting. No ballot, proxy or vote, nor any revocation thereof or change thereto, shall be accepted by the inspectors after the closing of the polls. In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted therewith, any information provided by a stockholder who submits a proxy by telegram, cablegram or other electronic transmission from which it can be determined that the proxy was authorized by the stockholder, ballots and the regular books and records of the corporation, and they may also consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for such purpose, they shall, at the time they make their certification, specify the precise information considered by them, including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.

Section 1.8. Voting; Proxies. Unless otherwise provided in the Certificate of Incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by such stockholder which has voting power upon the matter in question. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power, regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or another duly executed proxy bearing a later date with the Secretary of the Corporation. Voting at meetings of stockholders need not be by written ballot and need not be conducted by inspectors unless the holders of a majority of the outstanding shares of all classes of stock entitled to vote thereon present in person or represented by proxy at such meeting shall so determine. Directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. In all other matters, unless otherwise provided by law or by the Certificate of Incorporation or these Bylaws, the affirmative vote of the holders of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders. Where a separate vote by class or classes is required, the affirmative vote of the holders of a majority of the shares of such class or classes present in person or represented by proxy at the meeting shall be the act of such class or classes, except as otherwise provided by law or by the Certificate of Incorporation or these Bylaws.

Section 1.9. Fixing Date for Determination of Stockholders of Record. (a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(c) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 1.10. List of Stockholders Entitled to Vote. The Secretary shall prepare and make, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the

meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present.

Section 1.11. Consent of Stockholders in Lieu of Meeting. Unless otherwise provided in the Certificate of Incorporation or by law, any action required by law to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to (a) its registered office in the State of Delaware by hand or by certified mail or registered mail, return receipt requested, (b) its principal place of business, or (c) an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within 60 days of the earliest dated consent delivered in the manner required by this by-law to the Corporation, written consents signed by a sufficient number of holders to take action are delivered to the Corporation by delivery to (i) its registered office in the State of Delaware by hand or by certified or registered mail, return receipt requested, (ii) its principal place of business, or (iii) an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of stockholders to take the action were delivered to the Corporation as provided in this Section 1.11.

Section 1.12. Advance Notice of Stockholder Nominees for Director and Other Stockholder Proposals. (a) The matters to be considered and brought before any annual or special meeting of stockholders of the Corporation shall be limited to only such matters, including the nomination and election of directors, as shall be brought properly before such meeting in compliance with the procedures set forth in this Section 1.12.

(b) For any matter to be properly before any annual meeting of stockholders, the matter must be (i) specified in the Corporation’s notice of annual meeting or otherwise brought before the annual meeting by or at the direction of the Board of Directors or (ii) brought before the annual meeting in the manner specified in this Section 1.12(b) by a stockholder of record on the record date for the meeting who is entitled to vote at the meeting. In addition to any other requirements under applicable law and the Certificate of Incorporation and these Bylaws, persons nominated by stockholders for election as directors of the Corporation and any other proposals by stockholders shall be properly brought before the meeting only if notice in the manner contemplated hereby of any such matter to be presented by a stockholder at such meeting

of stockholders (the "Stockholder Notice") is delivered to the Secretary of the Corporation at the principal executive office of the Corporation not less than 90 nor more than 120 days prior to , 2011 and, in each subsequent year, the first anniversary date of the annual meeting for the preceding year; provided, however, if and only if the annual meeting is not scheduled to be held within a period that commences 30 days before such anniversary date and ends 30 days after such anniversary date (an annual meeting date outside such period being referred to herein as an "Other Meeting Date"), such Stockholder Notice shall be given in the manner provided herein by the later of the close of business on (A) the date 90 days prior to such Other Meeting Date or (B) the 10th day following the date such Other Annual Meeting Date is first publicly announced or disclosed. Any stockholder entitled to nominate any person or persons, as the case may be, for election as a director or directors of the Corporation shall deliver, as part of such Stockholder Notice, a statement in writing setting forth the name of the person or persons to be nominated, the number and class of all shares of each class of stock of the Corporation owned of record and beneficially by each such person, as reported to such stockholder by such nominee(s), the information regarding each such person required by paragraphs (a), (e) and (f) of Item 401 of Regulation S-K adopted by the Securities and Exchange Commission (or the corresponding provisions of any regulation subsequently adopted by the Securities and Exchange Commission applicable to the Corporation), each such person's signed consent to serve as a director of the Corporation if elected, such stockholder's name and address and the number and class of all shares of each class of stock of the Corporation owned of record and beneficially by such stockholder. Any stockholder who gives a Stockholder Notice of any matter proposed to be brought before the meeting (not involving nominees for director) shall deliver, as part of such Stockholder Notice, the text of the proposal to be presented (including the text of any resolutions to be proposed for consideration by stockholders) and a brief written statement of the reasons why such stockholder favors the proposal and setting forth such stockholder's name and address, the number and class of all shares of each class of stock of the Corporation owned of record and beneficially by such stockholder and, if applicable, any material interest of such stockholder in the matter proposed (other than as a stockholder). As used herein, shares "beneficially owned" shall mean all shares which such person is deemed to beneficially own pursuant to Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934 (the "Exchange Act").

(c) In order to be eligible to be a nominee for election as a director by a stockholder, any proposed nominee shall complete and deliver a written questionnaire providing the information about his or her background and qualifications requested by the Corporation and a written representation and agreement that the nominee is not and will not become a party to any voting agreements, any agreement or understanding with any person with respect to any compensation or indemnification in connection with service on the Board of Directors, and will be in compliance with all of the Corporation's publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines, and shall furnish such other information as the Corporation may reasonably require to determine whether the nominee would be considered "independent" under the various rules and standards applicable to the Corporation.

(d) Notwithstanding anything in this Section 1.12(b) to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased and either all of the nominees for director or the size of the increased Board of Directors is not publicly announced or disclosed by the Corporation at least 100 days prior to the first anniversary of the

preceding year's annual meeting, a Stockholder Notice shall also be considered timely hereunder, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the Corporation at the principal executive office of the Corporation not later than the close of business on the 10th day following the first date all of such nominees or the size of the increased Board of Directors shall have been publicly announced or disclosed.

(e) Only such matters shall be properly brought before a special meeting of stockholders as shall have been specified in the Corporation's notice of meeting or otherwise brought before the meeting by or at the direction of the Board of Directors. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, not at the request of any stockholders acting pursuant to Section 1.2 of the Bylaws, any stockholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting, if the Stockholder Notice required by Section 1.12(b) hereof shall be delivered to the Secretary of the Corporation at the principal executive office of the Corporation not later than the close of business on the 10th day following the day on which the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting is publicly announced or disclosed.

(f) For purposes of this Section 1.12, a matter shall be deemed to have been "publicly announced or disclosed" if such matter is disclosed in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission.

(g) Only persons who are nominated in accordance with the procedures set forth in this Section 1.12 shall be eligible for election as directors of the Corporation. In no event shall the postponement or adjournment of an annual meeting already publicly noticed, or any announcement of such postponement or adjournment, commence a new period (or extend any time period) for the giving of notice as provided in this Section 1.12. This Section 1.12 shall not apply to (i) stockholders proposals made pursuant to Rule 14a-8 under the Exchange Act or (ii) the election of directors selected by or pursuant to the provisions of Article IV of the Certificate of Incorporation relating to the rights of the holders of any class or series of stock of the Corporation having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances.

(h) The person presiding at any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall have the power and duty to determine whether notice of nominees and other matters proposed to be brought before a meeting has been duly given in the manner provided in this Section 1.12 and, if not so given, shall direct and declare at the meeting that such nominees and other matters are not properly before the meeting and shall not be considered.

ARTICLE II

Board of Directors

Section 2.1. Powers; Number; Qualifications. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors, except as may be otherwise provided by law or in the Certificate of Incorporation. The Board of Directors shall consist of no fewer than four members or more than eight members, the exact number thereof to be determined from time to time by the Board of Directors. Directors need not be stockholders.

Section 2.2. Election; Term of Office; Resignation; Removal; Vacancies. Each director shall hold office until the next election of the class for which such director shall have been chosen, and until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any director may resign at any time upon written notice to the Board of Directors or to the President or the Secretary of the Corporation. Such resignation shall take effect at the time specified therein, and unless otherwise specified therein no acceptance of such resignation shall be necessary to make it effective. Unless otherwise provided in the Certificate of Incorporation or these Bylaws, vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by all of the stockholders having the right to vote as a single class or from any other cause may be filled by a majority of the directors then in office, although less than a quorum, or by the sole remaining director. Whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the Certificate of Incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by the sole remaining director so elected. Any director elected or appointed to fill a vacancy shall hold office until the next election of the class of directors of the director which such director replaced, and until and his or her successor is elected and qualified or until his or her earlier resignation or removal.

Section 2.3. Regular Meetings. Regular meetings of the Board of Directors may be held at such places within or without the State of Delaware and at such times as the Board of Directors may from time to time determine, and if so determined notice thereof need not be given.

Section 2.4. Special Meetings. Special meetings of the Board of Directors may be held at any time or place within or without the State of Delaware whenever called by the Chairman of the Board of Directors, if any, by the Vice Chairman of the Board of Directors, if any, by the President or by any two directors. Reasonable notice thereof shall be given by the person or persons calling the meeting.

Section 2.5. Participation in Meetings by Conference Telephone Permitted. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or of such committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this by-law shall constitute presence in person at such meeting.

Section 2.6. Quorum; Vote Required for Action. At all meetings of the Board of Directors one-third of the entire Board of Directors shall constitute a quorum for the transaction of business. The vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless the Certificate of Incorporation or these Bylaws shall require a vote of a greater number. In case at any meeting of the Board of Directors a quorum shall not be present, the members of the Board of Directors present may adjourn the meeting from time to time until a quorum shall be present.

Section 2.7. Organization. Meetings of the Board of Directors shall be presided over by the Chairman of the Board of Directors, if any, or in the absence of the Chairman of the Board of Directors by the Vice Chairman of the Board of Directors, if any or in the absence of the Vice Chairman of the Board of Directors by the President, or in their absence by a chairman chosen at the meeting. The Secretary, or in the absence of the Secretary an Assistant Secretary, shall act as secretary of the meeting, but in the absence of the Secretary and any Assistant Secretary the chairman of the meeting may appoint any person to act as secretary of the meeting.

Section 2.8. Action by Directors Without a Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or of such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 2.9. Compensation of Directors. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board of Directors shall have the authority to fix the compensation of directors.

ARTICLE III

Committees

Section 3.1. Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors or in these Bylaws, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (a) approving or adopting, or recommending to the stockholders, any action or matter expressly required by law to be submitted to stockholders

for approval, (b) adopting, amending or repealing these Bylaws or (c) removing or indemnifying directors.

Section 3.2. Committee Rules. Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may adopt, amend and repeal rules for the conduct of its business. In the absence of a provision by the Board of Directors or a provision in the rules of such committee to the contrary, a majority of the entire authorized number of members of such committee shall constitute a quorum for the transaction of business, the vote of a majority of the members present at a meeting at the time of such vote if a quorum is then present shall be the act of such committee, and in other respects each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these Bylaws.

ARTICLE IV

Officers

Section 4.1. Officers; Election. As soon as practicable after the annual meeting of stockholders in each year, the Board of Directors shall elect a President and Chief Executive Officer, a Chief Financial Officer, Secretary and Treasurer and a Chief Compliance Officer, and it may, if it so determines, elect from among its members a Chairman of the Board of Directors and a Vice Chairman of the Board of Directors. The Board of Directors may also elect one or more Vice Presidents, one or more Assistant Vice Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers and such other officers as the Board of Directors may deem desirable or appropriate, and may give any of them such further designations or alternate titles as it considers desirable. Any number of offices may be held by the same person unless the Certificate of Incorporation or these Bylaws otherwise provide.

Section 4.2. Term of Office; Resignation; Removal; Vacancies. Unless otherwise provided in the resolution of the Board of Directors electing any officer, each officer shall hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any officer may resign at any time upon written notice to the Board of Directors or to the President or the Secretary of the Corporation. Such resignation shall take effect at the time specified therein, and unless otherwise specified therein no acceptance of such resignation shall be necessary to make it effective. The Board of Directors may remove any officer with or without cause at any time. Any such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation, but the election of an officer shall not of itself create contractual rights. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise may be filled by the Board of Directors at any regular or special meeting.

Section 4.3. Chairman of the Board of Directors. The Chairman of the Board of Directors, if any, shall preside at all meetings of the Board of Directors and of the stockholders at which he or she shall be present and shall have and may exercise such powers as may, from time to time, be assigned to him or her by the Board of Directors or as may be provided by law.

Section 4.4. Vice Chairman of the Board of Directors. In the absence of the Chairman of the Board of Directors, the Vice Chairman of the Board of Directors, if any, shall preside at all meetings of the Board of Directors and of the stockholders at which he or she shall be present and shall have and may exercise such powers as may, from time to time, be assigned to him or her by the Board of Directors or as may be provided by law.

Section 4.5. President and Chief Executive Officer. In the absence of the Chairman of the Board of Directors and Vice Chairman of the Board of Directors, the President and Chief Executive Officer shall preside at all meetings of the Board of Directors and of the stockholders at which he or she shall be present. The President and Chief Executive Officer shall have the general powers and duties of management usually vested in the chief executive officer of a corporation, including general supervision, direction and control of the business and supervision of other officers of the Corporation, and shall have such other powers and duties as may be delegated to him or her by the Board of Directors, all in accordance with policies as established by and subject to the oversight of the Board of Directors.

Section 4.6. Chief Financial Officer. The Chief Financial Officer shall have general supervision, direction and control of the financial affairs of the Corporation and shall have such other powers and duties as may be delegated to him or her by the Board of Directors or the President, all in accordance with policies as established by and subject to the oversight of the Board of Directors. In the absence of a named Treasurer and Secretary, the Chief Financial Officer shall also have the powers and duties of the Treasurer and Secretary as hereinafter set forth and shall be authorized and empowered to sign as Treasurer or Secretary, as the case may be, in any case where such officer's signature is required.

Section 4.7. Treasurer. The Treasurer shall have charge of and be responsible for all funds, securities, receipts and disbursements of the Corporation and shall deposit or cause to be deposited, in the name of the Corporation, all moneys or other valuable effects in such banks, trust companies or other depositories as shall, from time to time, be selected by or under authority of the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties, with such surety or sureties as the Board of Directors may determine. The Treasurer shall keep or cause to be kept full and accurate records of all receipts and disbursements in books of the Corporation, shall render to the President and to the Board of Directors, whenever requested, an account of the financial condition of the Corporation, and, in general, shall perform all the duties incident to the office of treasurer of a corporation and such other duties as may, from time to time, be assigned to him or her by the Board of Directors or the President or as may be provided by law.

Section 4.8. Secretary. The Secretary shall have the duty to record the proceedings of the meetings of the stockholders, the Board of Directors and any committees in a book to be kept for that purpose, shall see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law, shall be custodian of the records of the Corporation, may affix the corporate seal to any document the execution of which, on behalf of the Corporation, is duly authorized, and when so affixed may attest the same, and, in general, shall perform all duties incident to the office of secretary of a corporation and such other duties as may, from time to time, be assigned to him or her by the Board of Directors or the President or as may be provided by law.

Section 4.9. Chief Compliance Officer. The Chief Compliance Officer shall have general responsibility for the compliance matters of the Corporation and shall perform such other duties and exercise such other powers which are or from time to time may be delegated to him or her by the Board of Directors or the President, all in accordance with policies as established by and subject to oversight of the Board of Directors. Additionally, the Chief Compliance Officer shall, no less than annually, provide a written report to the Board of Directors, the content of which shall comply with Rule 38a-1 of the Investment Company Act of 1940, as amended (the "1940 Act"), and meet separately with the Corporation's independent directors.

Section 4.10. Vice Presidents. The Vice President or Vice Presidents, at the request or in the absence of the President or during the President's' inability to act, shall perform the duties of the President, and when so acting shall have the powers of the President. If there be more than one Vice President, the Board of Directors may determine which one or more of the Vice Presidents shall perform any of such duties; or if such determination is not made by the Board of Directors, the President may make such determination; otherwise any of the Vice Presidents may perform any of such duties. The Vice President or Vice Presidents shall have such other powers and shall perform such other duties as may, from time to time, be assigned to him or her or them by the Board of Directors or the President or as may be provided by law.

Section 4.11. Other Officers. The other officers, if any, of the Corporation shall have such powers and duties in the management of the Corporation as shall be stated in a resolution of the Board of Directors which is not inconsistent with these Bylaws and, to the extent not so stated, as generally pertain to their respective offices, subject to the control of the Board of Directors. The Board of Directors may require any officer, agent or employee to give security for the faithful performance of his or her duties.

ARTICLE V

Stock

Section 5.1. Stock Certificates and Uncertificated Shares. (a) The shares of stock in the Corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of the Corporation's stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate theretofore issued until such certificate is surrendered to the Corporation. Notwithstanding the adoption of such a resolution by the Board of Directors, every holder of stock represented by certificates, and upon request every holder of uncertificated shares, shall be entitled to have a certificate signed by or in the name of the Corporation by the Chairman or Vice Chairman of the Board of Directors, if any, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, of the Corporation, representing the number of shares of stock registered in certificate form owned by such holder. If such certificate is manually signed by one officer or manually countersigned by a transfer agent or by a registrar, any other signature on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or

registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

(b) If the Corporation is authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided by law, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Within a reasonable time after the issuance or transfer of uncertificated shares, the Corporation shall send to the registered owner thereof a written notice containing the information required by law to be set forth or stated on certificates or a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

(c) Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated shares and the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.

Section 5.2. Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates. The Corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

ARTICLE VI

Miscellaneous

Section 6.1. Fiscal Year. The fiscal year of the Corporation shall be determined by the Board of Directors.

Section 6.2. Seal. The Corporation may have a corporate seal which shall have the name of the Corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors. The corporate seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

Section 6.3. Waiver of Notice of Meetings of Stockholders, Directors and Committees. Whenever notice is required to be given by law or under any provision of the

Certificate of Incorporation or these Bylaws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any written waiver of notice unless so required by the Certificate of Incorporation or these Bylaws.

Section 6.4. Indemnification of Directors, Officers and Employees. The Corporation shall indemnify, to the full extent permitted by law as currently in effect or as the same may hereafter be amended, any person made or threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person or such person's testator or intestate is or was a director, officer or employee of the Corporation or serves or served at the request of the Corporation any other enterprise as a director, officer or employee. Expenses, including attorneys' fees, incurred by any such person in defending any such action, suit or proceeding shall be paid or reimbursed by the Corporation promptly upon receipt by it of an undertaking of such person to repay such expenses if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation. The rights provided to any person by this by-law shall be enforceable against the Corporation by such person who shall be presumed to have relied upon it in serving or continuing to serve as a director, officer or employee as provided above. No amendment of this by-law shall impair the rights of any person arising at any time with respect to events occurring prior to such amendment. For purposes of this by-law, the term "Corporation" shall include any predecessor of the Corporation and any constituent corporation (including any constituent of a constituent) absorbed by the Corporation in a consolidation or merger; the term "other enterprise" shall include any corporation, partnership, joint venture, trust or employee benefit plan; service "at the request of the Corporation" shall include service as a director, officer or employee of the Corporation which imposes duties on, or involves services by, such director, officer or employee with respect to an employee benefit plan, its participants or beneficiaries; any excise taxes assessed on a person with respect to an employee benefit plan shall be deemed to be indemnifiable expenses; and action by a person with respect to an employee benefit plan which such person reasonably believes to be in the interest of the participants and beneficiaries of such plan shall be deemed to be action not opposed to the best interests of the Corporation.

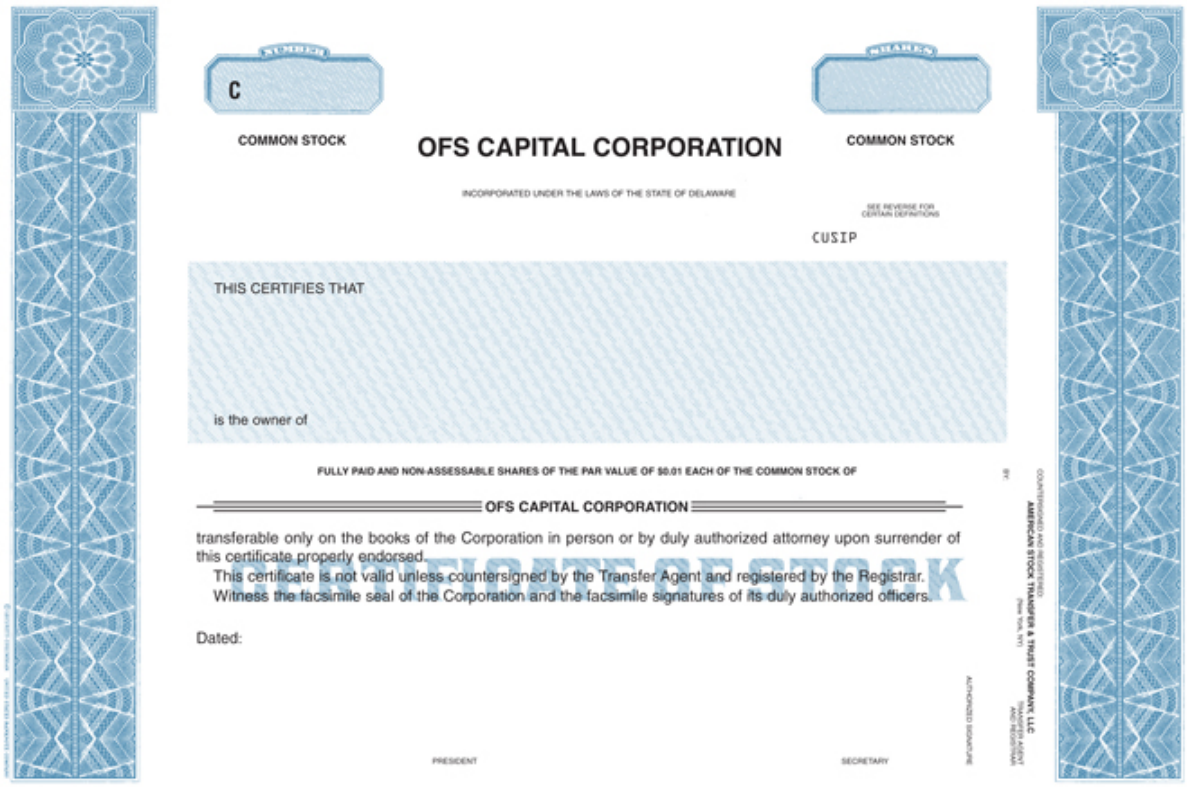
Section 6.5. Interested Directors; Quorum. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or her or their votes are counted for such purpose, if: (1) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a

quorum; or (2) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (3) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

Section 6.6. Form of Records. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account and minute books, may be kept on, or be in the form of, punch cards, magnetic tape, photographs, microphotographs or any other information storage device, provided that the records so kept can be converted into clearly legible form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect the same.

Section 6.7. Amendment of Bylaws. These Bylaws may be amended or repealed, and new Bylaws adopted, by the Board of Directors, but the stockholders entitled to vote may adopt additional Bylaws and may amend or repeal any by-law whether or not adopted by them.

Section 6.8. 1940 Act Controls. If and to the extent that any provision of the Delaware General Corporation Law or any provision of the Certificate of Incorporation or these Bylaws conflicts with any provision of the 1940 Act, the applicable provision of the 1940 Act will control.



NUMBER

C

COMMON STOCK

SHARES

COMMON STOCK

OFS CAPITAL CORPORATION

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

SEE REVERSE FOR CERTAIN DEFINITIONS

CUSIP

THIS CERTIFIES THAT

is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES OF THE PAR VALUE OF $0.01 EACH OF THE COMMON STOCK OF

OFS CAPITAL CORPORATION

transferable only on the books of the Corporation in person or by duly authorized attorney upon surrender of this certificate properly endorsed.

This certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar.

Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

SPECIMEN CERTIFICATE OF STOCK

Dated:

PRESIDENT

SECRETARY

AUTHORIZED SIGNATURE

BY:

COUNTERSIGNED AND REGISTERED
AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC
TRANSFER AGENT AND REGISTRAR

OFS CAPITAL CORPORATION

The Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof of the Corporation and the qualifications, limitations or restrictions of such preferences and/or rights. This certificate and the shares represented hereby are issued and shall be held subject to all the provisions of the Certificate of Incorporation and all amendments thereto and resolutions of the Board of Directors providing for the issue of shares of Common Stock (copies of which may be obtained from the secretary of the Corporation), to all of which the holder of this certificate by acceptance hereof assents.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	—	as tenants in common
TEN ENT	—	as tenants by the entireties
JT TEN	—	as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT — _____ (Cust) Custodian _____ (Minor)
under Uniform Gifts to Minors Act _____ (State)

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

_____

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

_____

_____

_____ shares of the capital stock represented by the within certificate, and do hereby irrevocably constitute and appoint _____

_____ attorney to transfer the said stock on the books of the within named Corporation with full power of substitution in the premises.

Dated _____

_____

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE, IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT, OR ANY CHANGE WHATEVER.

SIGNATURE(S) GUARANTEED:

_____

THE SIGNATURE(S) MUST BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.

Exhibit (e)

DIVIDEND REINVESTMENT PLAN

OF

OFS CAPITAL CORPORATION

OFS Capital Corporation, a Delaware corporation (the "Company"), hereby adopts the following plan (the "Plan") with respect to net investment income dividends and capital gains distributions declared by its Board of Directors on shares of its shares of common stock, par value $0.01 per share (the "Common Stock"):

1. Unless a stockholder specifically elects to receive cash as set forth below, all net investment income dividends and all capital gains distributions hereafter declared by the Board of Directors shall be payable in shares of the Common Stock of the Company, and no action shall be required on such stockholder's part to receive a distribution in stock.

2. Such net investment income dividends and capital gains distributions shall be payable on such date or dates as may be fixed from time to time by the Board of Directors to stockholders of record at the close of business on the record date(s) established by the Board of Directors for the net investment income dividend and/or capital gains distribution involved.

3. The Company shall use primarily newly issued shares of its Common Stock to implement the Plan, whether its shares are trading at a premium or a discount to net asset value. However, the Company reserves the right to direct the plan administrator and the Company's transfer agent and registrar, American Stock Transfer & Trust Company (the "Plan Administrator"), to purchase shares of its Common Stock in the open market in connection with the implementation of the Plan. The number of shares to be issued to a stockholder shall be determined by dividing the total dollar amount of the dividend or distribution payable to such stockholder by the market price per share of the Company's Common Stock at the close of regular trading on The Nasdaq Global Market on the valuation date fixed by the Board of Directors for such distribution. Market price per share on that date shall be the closing price for such shares on The Nasdaq Global Market or, if no sale is reported for such day, at the average of their electronically-reported bid and asked prices. Any shares purchased in open market transactions by the Plan Administrator shall be allocated to each participating stockholder based upon the average purchase price, excluding any brokerage charges or other charges, of all shares of Common Stock purchased with respect to the applicable dividend.

4. A stockholder may elect to receive his or its net investment income dividends and capital gains distributions in cash. To exercise this option, such stockholder shall notify the Plan Administrator in writing so that such notice is received by the Plan Administrator no later than 10 days prior to the record date fixed by the Board of Directors for the net investment income dividend and/or capital gains distribution involved. Such election shall remain in effect until the stockholder shall notify the Plan Administrator in writing of such stockholder's withdrawal of the election, which notice shall be delivered to the Plan Administrator no later than 10 days prior to the record date fixed by the Board of Directors for the next net investment income dividend and/or capital gains distribution by the Company.

5. The Plan Administrator will set up an account for shares acquired pursuant to the Plan for each stockholder who has not so elected to receive dividends and distributions in cash (each a "Participant"). The Plan Administrator may hold each Participant's shares, together with the shares of other Participants, in non-certificated form in the Plan Administrator's name or that of its nominee. Upon request by a Participant, received in writing no later than 10 days prior to the record date, the Plan Administrator will, instead of crediting shares to and/or carrying shares in a Participant's account, issue, without charge to the Participant, a certificate registered in the Participant's name for the number of whole shares payable to the Participant and a check for any fractional share.

6. The Plan Administrator will confirm to each Participant each acquisition made pursuant to the Plan as soon as practicable but not later than 10 business days after the date thereof. Although each Participant may from time to time have an undivided fractional interest (computed to three decimal places) in a share of Common Stock of the Company, no certificates for a fractional share will be issued. However, dividends and distributions on fractional shares will be credited to each Participant's account. In the event of termination of a Participant's account under the Plan, the Plan Administrator will adjust for any such undivided fractional interest in cash at the market value of the Company's shares at the time of termination.

7. The Plan Administrator will forward to each Participant any Company related proxy solicitation materials and each Company report or other communication to stockholders, and will vote any shares held by it under the Plan in accordance with the instructions set forth on proxies returned by Participants to the Company.

8. In the event that the Company makes available to its stockholders rights to purchase additional shares or other securities, the shares held by the Plan Administrator for each Participant under the Plan will be added to any other shares held by the Participant in certificated form in calculating the number of rights to be issued to the Participant.

9. The Plan Administrator's service fee, if any, and expenses for administering the Plan will be paid for by the Company. If a Participant elects by his, her or its written notice to the Plan Administrator to have the Plan Administrator sell part or all of his, her or its shares held by the Plan Administrator in such Participant's account and remit the proceeds to the Participant, the Plan Administrator is authorized to deduct a $15.00 transaction fee plus a $0.10 per share brokerage commission from the proceeds.

10. Each Participant may terminate his or its account under the Plan by so notifying the Plan Administrator via its website at www.amstock.com, by filling out the transaction request form located at the bottom of such Participant's statement and sending it to the Plan Administrator. Such termination will be effective immediately if the Participant's notice is received by the Plan Administrator not less than 10 days prior to any dividend or distribution record date; otherwise, such termination will be effective only with respect to any subsequent dividend or distribution. The Plan may be terminated by the Company upon notice in writing mailed to each Participant at least 30 days prior to any record date for the payment of any dividend or distribution by the Company. Upon any termination, the Plan Administrator will cause a certificate or certificates to be issued for the number of whole shares held for the

Participant under the Plan and a cash adjustment for any fractional share to be delivered to the Participant without charge to the Participant.

11. These terms and conditions may be amended or supplemented by the Company at any time but, except when necessary or appropriate to comply with applicable law or the rules or policies of the Securities and Exchange Commission or any other regulatory authority, only by mailing to each Participant appropriate written notice at least 30 days prior to the effective date thereof. The amendment or supplement shall be deemed to be accepted by each Participant unless, prior to the effective date thereof, the Plan Administrator receives written notice of the termination of his or its account under the Plan. Any such amendment may include an appointment by the Plan Administrator in its place and stead of a successor agent under these terms and conditions, with full power and authority to perform all or any of the acts to be performed by the Plan Administrator under these terms and conditions, as amended in accordance with the Plan. Upon any such appointment of any agent for the purpose of receiving dividends and distributions, the Company will be authorized to pay to such successor agent, for each Participant's account, all dividends and distributions payable on shares of the Company held in the Participant's name or under the Plan for retention or application by such successor agent as provided in these terms and conditions, as amended in accordance with the Plan.

12. The Plan Administrator will at all times act in good faith and use its best efforts within reasonable limits to ensure its full and timely performance of all services to be performed by it under this Plan and to comply with applicable law, but assumes no responsibility and shall not be liable for loss or damage due to errors unless such error is caused by the Plan Administrator's negligence, bad faith, or willful misconduct or that of its employees or agents.

13. These terms and conditions shall be governed by the laws of the State of New York, without regard to the conflicts of law principles thereof, to the extent such principles would require or permit the application of the laws of another jurisdiction.

Exhibit (g)

INVESTMENT ADVISORY AND MANAGEMENT AGREEMENT

This Agreement ("Agreement") is made as of _____, 2011 by and between OFS CAPITAL CORPORATION, a Delaware corporation (the "Company"), and OFS CAPITAL MANAGEMENT, LLC, a Delaware limited liability company ("OFS Advisor").

W I T N E S S E T H:

WHEREAS, the Company is a closed-end non-diversified management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940, as amended (the "Investment Company Act");

WHEREAS, OFS Advisor is an investment adviser that has registered under the Investment Advisers Act of 1940, as amended (the "Advisers Act"); and

WHEREAS, the Company desires to retain OFS Advisor to furnish investment advisory services to the Company, and OFS Advisor wishes to be retained to provide such services, on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the covenants hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and OFS Advisor hereby agree as follows:

1. Duties of OFS Advisor.

(a) Employment of OFS Advisor. The Company hereby employs OFS Advisor to act as the investment adviser to the Company and to manage the investment and reinvestment of the assets of the Company, subject to the supervision of the Board of Directors of the Company (the "Board"), during the term hereof and upon the terms and conditions herein set forth, in accordance with:

(i) the investment objectives, policies and restrictions that are determined by the Board from time to time and disclosed to OFS Advisor, which objectives, policies and restrictions shall initially be those set forth in the Company's Registration Statement on Form N-2, initially filed with the Securities and Exchange Commission (the "SEC") on April 29, 2010, and as amended from time to time;

(ii) the Investment Company Act and the Advisers Act; and

(iii) all other applicable federal and state laws, rules and regulations, and the Company's charter and bylaws.

OFS Advisor hereby accepts such employment and agrees during the term hereof to render such services, subject to the payment of compensation provided for herein.

(b) Certain Services. Without limiting the generality of Section 1(a), OFS Advisor shall:

(i) determine the composition of the portfolio of the Company, the nature and timing of the changes thereto and the manner of implementing such changes;

(ii) assist the Company in determining the securities that the Company will purchase, retain, or sell;

(iii) identify, evaluate and negotiate the structure of the investments made by the Company (including performing due diligence on the Company's prospective portfolio companies);

(iv) execute, close, service and monitor the Company's investments; and

(v) provide the Company with such other investment advisory, management, research and related services as the Company may, from time to time, reasonably require for the investment of its funds.

OFS Advisor shall have the power and authority on behalf of the Company to effectuate its investment decisions for the Company, including the execution and delivery of all documents relating to the Company's investments and the placing of orders for other purchase or sale transactions on behalf of the Company. In the event that the Company determines to incur debt financing, OFS Advisor shall arrange for such financing on the Company's behalf, subject to the oversight and any required approval of the Board. If it is necessary for OFS Advisor to make investments on behalf of the Company through a special purpose vehicle, OFS Advisor shall have authority to create or arrange for the creation of such special purpose vehicle and to make such investments through such special purpose vehicle in accordance with the Investment Company Act.

(c) Sub-Advisers. Subject to the requirements of the Investment Company Act (including any approval by the vote of holders of a majority of outstanding voting securities of the Company required under Section 15(a) of the Investment Company Act), OFS Advisor is hereby authorized to enter into one or more sub-advisory agreements with other investment advisers (each, a "Sub-Adviser") pursuant to which OFS Advisor may obtain the services of the Sub-Adviser(s) to assist OFS Advisor in providing the investment advisory services required to be provided by OFS Advisor under this Agreement. Specifically, OFS Advisor may retain a Sub-Adviser to recommend specific securities or other investments based upon the Company's investment objectives, policies and restrictions, and work, along with OFS Advisor, in structuring, negotiating, arranging or effecting the acquisition or disposition of such investments and monitoring investments on behalf of the Company, subject to the oversight of OFS Advisor and the Board. Any sub-advisory agreement entered into by OFS Advisor shall be in accordance with the requirements of the Investment Company Act and other applicable federal and state law. The Company, and not OFS Advisor, shall be responsible for any compensation payable to any Sub-Adviser.

(d) Independent Contractors. OFS Advisor, and any Sub-Adviser, shall for all purposes herein each be deemed to be an independent contractor and, except as expressly provided or authorized herein, shall have no authority to act for or represent the Company in any way or otherwise be deemed an agent of the Company.

(e) Books and Records. OFS Advisor shall keep and preserve for the period required by the Investment Company Act any books and records relevant to the provision of its investment advisory services to the Company and shall specifically maintain all books and records with respect to the Company's portfolio transactions and shall render to the Board such periodic and special reports as the Board may reasonably request. OFS Advisor agrees that all records that it maintains for the Company are the property of the Company and shall surrender promptly to the Company any such records upon the Company's request; provided that OFS Advisor may retain a copy of such records.

2. Allocation of Costs and Expenses.

(a) Expenses Payable by OFS Advisor. All investment professionals of OFS Advisor and/or its affiliates, when and to the extent engaged in providing investment advisory services required to be provided by OFS Advisor under this Agreement, and the compensation and routine overhead expenses of such personnel allocable to such services, shall be provided and paid for by OFS Advisor and not by the Company.

(b) Expenses Payable by the Company. Other than those expenses specifically assumed by OFS Advisor pursuant to Section 2(a), the Company shall bear all costs and expenses that are incurred in its operation, administration and transactions, including those relating to:

(i) organization of the Company;

(ii) calculating the Company's net asset value (including the cost and expenses of any independent valuation firm);

(iii) fees and expenses incurred by OFS Advisor payable to third parties, including agents, consultants or other advisors (including Sub-Advisers), in monitoring financial and legal affairs for the Company and in monitoring the Company's investments and performing due diligence on its prospective portfolio companies or otherwise relating to, or associated with, evaluating and making investments;

(iv) interest payable on debt, if any, incurred to finance the Company's investments;

(v) sales and purchases of the Company's common stock and other securities;

(vi) distributions on the Company's common stock and other securities;

(vii) investment advisory and management fees, including in respect of the operations of the Company's small business investment company subsidiary (the "SBIC Subsidiary");

(viii) administration fees and expenses, if any, payable under the Administration Agreement (the "Administration Agreement") between the Company and OFS Capital Services, LLC, the Company's administrator ("OFS Services"), including payments based upon the Company's allocable portion of OFS Services' overhead in performing its obligations under the Administration Agreement, including rent, necessary software licenses and subscriptions and the allocable portion of the cost of the Company's officers, including a chef executive officer, chief financial officer, chief compliance officer, chief accounting officer, if any, and their respective staffs;

(ix) the allocated costs incurred by OFS Services as administrator in providing managerial assistance to those portfolio companies of the Company that request it;

(x) transfer agent, dividend paying and reinvestment agent and custodial fees and expenses;

(xi) federal and state registration fees;

(xii) all costs of registration and listing the Company's shares on any securities exchange;

(xiii) federal, state and local taxes;

(xiv) independent directors' fees and expenses;

(xv) costs of preparing and filing reports or other documents required by the SEC or other regulators;

(xvi) costs of any reports, proxy statements or other notices to stockholders, including printing costs;

(xvii) the Company's allocable portion of any fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;

(xviii) indemnification payments;

(xix) direct costs and expenses of administration, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs;

(xx) proxy voting expenses; and

(xxi) all other expenses incurred by the Company or OFS Services in connection with administering the Company's business.

3. Compensation of OFS Advisor. The Company agrees to pay, and OFS Advisor agrees to accept, as compensation for the services provided by OFS Advisor hereunder, a base management fee ("Base Management Fee") and an incentive fee consisting of two parts (collectively, the "Incentive Fee") as hereinafter set forth. The Company shall make any

payments due hereunder to OFS Advisor or to OFS Advisor's designee as OFS Advisor may otherwise direct. To the extent permitted by applicable law, OFS Advisor may elect, or the Company may adopt a deferred compensation plan pursuant to which OFS Advisor may elect, to defer all or a portion of its fees hereunder for a specified period of time.

(a) Base Management Fee. The Base Management Fee shall be calculated and payable quarterly in arrears based on the average value of the Company's total assets (other than cash or cash equivalents but including assets purchased with borrowed amounts and including any assets owned by the SBIC Subsidiary) at the end of the two most recently completed calendar quarters. The Base Management Fee shall be ____% per quarter (____% annualized) of such average value. Base Management Fees shall be adjusted for any share issuances or repurchases during the calendar quarter, and Base Management Fees for any partial quarter shall be prorated based on the number of days in such quarter.

(b) Incentive Fee – Income-Based Fee.

(i) The first part of the Incentive Fee (the "Income-Based Fee") shall be calculated and payable quarterly in arrears based on the Company's pre-Incentive Fee net investment income for the calendar quarter. For purposes of this Agreement, pre-Incentive Fee net investment income for any given calendar quarter is calculated as (A) the sum of interest income, dividend income and any other income (including any other fees, including commitment, origination and sourcing, structuring, diligence and consulting fees or other fees that the Company receives from portfolio companies, but excluding fees for providing managerial assistance) accrued by the Company during such quarter, minus (B) the Company's operating expenses for such quarter (including the Base Management Fee, any expenses payable under the Administration Agreement and any interest expense and dividends paid on any issued and outstanding preferred stock, but excluding the Incentive Fee). Pre-Incentive Fee net investment income shall not include any realized capital gains, realized capital losses, unrealized capital appreciation or unrealized capital depreciation. Pre-Incentive Fee net investment income shall include, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with paid-in-kind interest and zero coupon securities), accrued income that the Company has not yet received in cash.

(ii) In calculating the Income-Based Fee for any given calendar quarter, the Company's pre-Incentive Fee net investment income, expressed as a rate of return on the value of the Company's net assets at the end of the immediately preceding calendar quarter (the "Rate of Return"), shall be compared to a hurdle rate of ____% per quarter (____% annualized) (the "Hurdle Rate"). For purposes of this Agreement, net assets is calculated as total assets less indebtedness and before taking into account any Incentive Fees payable during the relevant period.

(iii) Subject to Section 3(b)(iv), the Company shall pay OFS Advisor an Income-Based Fee with respect to the Company's pre-Incentive Fee net investment income in each calendar quarter as follows:

(A) no Income-Based Fee if the Rate of Return does not exceed the Hurdle Rate in such quarter;

(B) 100% of that portion of the Company's pre-Incentive Fee net investment income, if any, with respect to which the Rate of Return exceeds the Hurdle Rate but is less than ____% in such quarter (____% annualized); and

(C) ____% of that portion of the Company's pre-Incentive Fee net investment income, if any, with respect to which the Rate of Return exceeds ____% in such quarter (____% annualized).

There shall be no accumulation of amounts on the Hurdle Rate from quarter to quarter, no claw back of amounts previously paid if the Rate of Return in any subsequent quarter is below the Hurdle Rate and no delay of payment if the Rate of Return in any prior quarters was below the Hurdle Rate. Income-Based Fees shall be adjusted for any share issuances or repurchases during the calendar quarter, and Income-Based Fees for any partial quarter shall be prorated based on the number of days in such quarter.

(iv) Notwithstanding anything to the contrary contained in this Agreement, no Income-Based Fee shall be paid by the Company to OFS Advisor with respect to any given calendar quarter unless (A) ____% of the cumulative net increase in net assets resulting from operations over such quarter and the ____ immediately preceding calendar quarters (or such fewer number of quarters elapsed since the closing date of the Company's initial public offering (the "Closing Date")) exceeds (B) the aggregate amount of Income-Based Fees paid and/or accrued for the ____ immediately preceding quarters (or such fewer number of quarters elapsed since the Closing Date). For purposes of this Agreement, cumulative net increase in net assets resulting from operations is the amount, if positive, of the sum of the Company's pre-Incentive Fee net investment income, Base Management Fees, realized capital gains, realized capital losses and unrealized capital depreciation for the relevant period.

(c) Incentive Fee - Capital Gains Fee.

(i) The second part of the Incentive Fee (the "Capital Gains Fee") shall be calculated and payable in arrears at the end of each calendar year (or, upon termination of this Agreement pursuant to Section 9, as of the termination date) based on the Company's net capital gains. For purposes of this Agreement, net capital gains are calculated by subtracting (A) the sum of the Company's cumulative aggregate realized capital losses and aggregate unrealized capital depreciation from (B) the Company's cumulative aggregate realized capital gains. If such amount is positive at the end of the relevant calendar year, then the Capital Gains Fee for such year shall be equal to ____% of such amount, less the aggregate amount of Capital Gains Fees paid in all prior years. If such amount is negative, then there shall be no Capital Gains Fee for such year. If this Agreement shall terminate as of a date that is not a calendar-year end, the termination date shall be treated as though it were a calendar-year end for purposes of calculating and paying a Capital Gains Fee. Any Capital Gains Fee for any partial year shall be prorated based on the number of days in such year.

(ii) For purposes of this Agreement:

(A) cumulative aggregate realized capital gains are calculated as the sum of the differences, if positive, between (1) the net sales price of each investment in the Company's portfolio when sold and (2) the accreted or amortized cost basis of such investment;

(B) cumulative aggregate realized capital losses are calculated as the sum of the differences, if negative, between (1) the net sales price of each investment in the Company's portfolio when sold and (2) the accreted or amortized cost basis of such investment; and

(C) aggregate unrealized capital depreciation is calculated as the sum of the differences, if negative, between (1) the valuation of each investment in the Company's portfolio as of the end of the relevant year and (2) the accreted or amortized cost basis of such investment.

(d) Calculation of Fees During the Interim Period. Notwithstanding anything to the contrary herein, with respect to services rendered during the period commencing on the Closing Date through and including the last day of the calendar quarter ending immediately after the closing of the Company's initial public offering (the "Interim Period") and, in the case of the Base Management Fee, during the first full calendar quarter thereafter (the "First Full Quarter"):

(i) the Base Management Fee (A) for the Interim Period shall be calculated based on the average value of the Company's total assets (other than cash or cash equivalents but including assets purchased with borrowed funds and including any assets owned by the SBIC Subsidiary) on the Closing Date and the last day of the Interim Period, and shall be appropriately prorated, and (B) for the First Full Quarter shall be calculated based on the average value of the Company's total assets (other than cash or cash equivalents but including assets purchased with borrowed funds and including any assets owned by the SBIC Subsidiary) on the last day of the Interim Period and the last day of the First Full Quarter.

(ii) the Income-Based Fee for the Interim Period shall be calculated based on the Company's pre-Incentive Fee net investment income for the Interim Period, and shall be appropriately prorated, and such Income-Based Fee will not be subject to the cumulative total return requirement set forth in Section 3(b)(iv); and

(iii) the Capital Gains Fee as of December 31, 2011 shall be calculated for a period of shorter than 12 calendar months to take into account realized capital gains, realized capital losses, unrealized capital appreciation and unrealized capital depreciation since the Closing Date, and shall be appropriately prorated.

4. Representations, Warranties and Covenants of OFS Advisor. OFS Advisor represents and warrants that it is registered as an investment adviser under the Advisers Act. OFS Advisor agrees that its activities shall at all times be in compliance in all material respects with all applicable federal and state laws governing its operations and investments, including the Investment Company Act and the Advisers Act.

5. Excess Brokerage Commissions. OFS Advisor is hereby authorized, to the fullest extent now or hereafter permitted by law, to cause the Company to pay a member of a national securities exchange, broker or dealer an amount of commission for effecting a securities transaction in excess of the amount of commission another member of such exchange, broker or dealer would have charged for effecting that transaction, if OFS Advisor determines in good faith, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, and operational facilities of the firm and the firm's risk and skill in positioning blocks of securities, that such amount of commission is reasonable in relation to the value of the brokerage and/or research services provided by such member, broker or dealer, viewed in terms of either that particular transaction or its overall responsibilities with respect to the Company's portfolio, and constitutes the best net results for the Company.

6. Activities of OFS Advisor. The services of OFS Advisor to the Company are not exclusive, and OFS Advisor and/or any of its affiliates may engage in any other business or render similar or different services to others, including the direct or indirect sponsorship or management of other investment-based accounts or commingled pools of capital, however structured, having investment objectives similar to those of the Company, so long as its services to the Company hereunder are not materially impaired thereby, and nothing in this Agreement shall limit or restrict the right of any member, manager, partner, officer or employee of OFS Advisor or any such affiliate to engage in any other business or to devote his or her time and attention in part to any other business, whether of a similar or dissimilar nature, or to receive any fees or compensation in connection therewith (including fees for serving as a director of, or providing consulting services to, one or more of the Company's portfolio companies, subject to applicable law). So long as this Agreement or any extension, renewal or amendment remains in effect, OFS Advisor shall be the only investment adviser for the Company, subject to OFS Advisor's right to enter into sub-advisory agreements. OFS Advisor assumes no responsibility under this Agreement other than to render the services called for hereunder. It is understood that directors, officers, employees and stockholders of the Company are or may become interested in OFS Advisor and its affiliates, as directors, officers, employees, partners, stockholders, members, managers or otherwise, and that OFS Advisor and directors, officers, employees, partners, stockholders, members and managers of OFS Advisor and its affiliates are or may become similarly interested in the Company as directors, officers, employees, stockholders or otherwise.

7. Responsibility of Dual Directors, Officers and/or Employees. If any person who is a member, manager, partner, officer or employee of OFS Advisor or OFS Services is or becomes a director, officer and/or employee of the Company and acts as such in any business of the Company, then such member, manager, partner, officer and/or employee of OFS Advisor or OFS Services shall be deemed to be acting in such capacity solely for the Company, and not as a member, manager, partner, officer or employee of OFS Advisor or OFS Services or under the control or direction of OFS Advisor or OFS Services, even if paid by OFS Advisor or OFS Services.

8. Limitation of Liability of OFS Advisor; Indemnification. OFS Advisor and its affiliates and its and its affiliates' respective directors, officers, employees, members, managers, partners and stockholders, each of whom shall be deemed a third party beneficiary hereof

(collectively, the "Indemnified Parties"), shall not be liable to the Company or its subsidiaries or its and its subsidiaries' respective directors, officers, employees, members, managers, partners or stockholders for any action taken or omitted to be taken by OFS Advisor in connection with the performance of any of its duties or obligations under this Agreement or otherwise as an investment adviser of the Company, except to the extent specified in Section 36(b) of the Investment Company Act concerning loss resulting from a breach of fiduciary duty (as the same is finally determined by judicial proceedings) with respect to the receipt of compensation for services. The Company shall indemnify, defend and protect the Indemnified Parties and hold them harmless from and against all claims or liabilities (including reasonable attorneys' fees) and other expenses reasonably incurred by the Indemnified Parties in or by reason of any pending, threatened or completed action, suit, investigation or other proceeding (including an action or suit by or in the right of the Company or its security holders) arising out of or in connection with the performance of any of OFS Advisor's duties or obligations under this Agreement or otherwise as an investment adviser of the Company. Notwithstanding the foregoing provisions of this Section 8 to the contrary, nothing contained herein shall protect or be deemed to protect the Indemnified Parties against, or entitle or be deemed to entitle the Indemnified Parties to indemnification in respect of, any liability to the Company or its security holders to which the Indemnified Parties would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of such Indemnified Party's duties or by reason of such Indemnified Party's reckless disregard of its obligations and duties under this Agreement (as the same shall be determined in accordance with the Investment Company Act and any interpretations or guidance by the SEC or its staff thereunder).

9. Effectiveness, Duration and Termination.

(a) This Agreement shall become effective as of the first date above written. This Agreement shall remain in effect for two years after such date, and thereafter shall continue automatically for successive annual periods; provided that such continuance is specifically approved at least annually by:

(i) the vote of the Board, or by the vote of holders of a majority of the outstanding voting securities of the Company; and

(ii) the vote of a majority of the Company's directors who are not "interested persons" (as such term is defined in Section 2(a)(19) of the Investment Company Act) of any party hereto, in accordance with the requirements of the Investment Company Act.

(b) This Agreement may be terminated at any time, without the payment of any penalty, upon 60 days' written notice, by (i) the vote of holders of a majority of the outstanding voting securities of the Company, (ii) the vote of the Board or (iii) OFS Advisor.

(c) This Agreement shall automatically terminate in the event of its "assignment" (as such term is defined for purposes of Section 15(a)(4) of the Investment Company Act); provided that nothing herein shall cause this Agreement to terminate upon or otherwise restrict a transaction that does not result in a change of actual control or management of OFS Advisor.

(d) The provisions of Section 8 of this Agreement shall remain in full force and effect, and apply to OFS Advisor and its representatives as and to the extent applicable, and OFS Advisor shall remain entitled to the benefits thereof, notwithstanding any termination or expiration of this Agreement. Further, notwithstanding the termination or expiration of this Agreement as aforesaid, OFS Advisor shall be entitled to any amounts owed under Section 3 through the date of termination or expiration.

10. Termination of Interim Agreement. The Company and OFS Advisor hereby terminate the Interim Investment Advisory and Management Agreement, dated as of September 28, 2010, between the Company and OFS Advisor, effective as of the date hereof.

11. Third Party Beneficiaries. Nothing in this Agreement, either express or implied, is intended to or shall confer upon any person other than the parties hereto and the Indemnified Parties any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

12. Amendments of this Agreement. This Agreement may not be amended or modified except by an instrument in writing signed by both parties hereto, and upon the consent of stockholders of the Company in conformity with the requirements of the Investment Company Act.

13. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, including Sections 5-1401 and 5-1402 of the New York General Obligations Law and New York Civil Practice Laws and Rules 327(b), and the applicable provisions of the Investment Company Act, if any. To the extent that the applicable laws of the State of New York, or any of the provisions herein, conflict with the applicable provisions of the Investment Company Act, if any, the latter shall control. The parties hereto unconditionally and irrevocably consent to the exclusive jurisdiction of the federal and state courts located in the State of New York and waive any objection with respect thereto, for the purpose of any action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

14. No Waiver. The failure of either party hereto to enforce at any time for any period the provisions of or any rights deriving from this Agreement shall not be construed to be a waiver of such provisions or rights or the right of such party thereafter to enforce such provisions, and no waiver shall be binding unless executed in writing by all parties hereto.

15. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

16. Headings. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

17. Counterparts. This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original instrument and all of which taken together shall constitute one and the same agreement.

18. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service (with signature required), by facsimile, or by registered or certified mail (postage prepaid, return receipt requested) to the parties hereto at their respective principal executive office addresses.

19. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, between the parties hereto with respect to such subject matter.

20. Certain Matters of Construction.

(a) The words “hereof”, “herein”, “hereunder” and words of similar import shall refer to this Agreement as a whole and not to any particular Section or provision of this Agreement, and reference to a particular Section of this Agreement shall include all subsections thereof.

(b) Definitions shall be equally applicable to both the singular and plural forms of the terms defined, and references to the masculine, feminine or neuter gender shall include each other gender.

(c) The word “including” shall mean including without limitation.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

OFS CAPITAL CORPORATION

By: _____
Name:
Title:

OFS CAPITAL MANAGEMENT, LLC

By: _____
Name:
Title:

Exhibit (j)

CUSTODY AGREEMENT

dated as of ____, 2011
by and between

OFS CAPITAL CORPORATION
("Company")

and

U.S. BANK NATIONAL ASSOCIATION
("Custodian")

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This CUSTODY AGREEMENT (this "Agreement") is dated as of ____, 2011 and is by and between OFS CAPITAL CORPORATION (and any successor or permitted assign, the "Company"), a corporation organized under the laws of the State of Delaware, having its principal place of business at 2850 West Golf Road, Suite 520, Rolling Meadows, IL 60008, and U.S. BANK NATIONAL ASSOCIATION (and any successor or permitted assign acting as custodian hereunder, the "Custodian"), a national banking association having a place of business at One Federal Street, Boston, MA 02110.

RECITALS

WHEREAS, the Company is a closed-end management investment company, which has elected to be treated as a business development company under the Investment Company Act of 1940, as amended (the "1940 Act");

WHEREAS, the Company desires to retain U.S. Bank National Association to act as custodian for the Company and each Subsidiary hereafter identified to the Custodian;

WHEREAS, the Company desires that the Company's Securities (as defined below) and cash be held and administered by the Custodian pursuant to this Agreement; and

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

1. **DEFINITIONS**

1.1 Defined Terms. In addition to terms expressly defined elsewhere herein, the following words shall have the following meanings as used in this Agreement:

"Account" means the Cash Account, the Securities Account, any Subsidiary Cash Account and any Subsidiary Securities Account, collectively.

"Agreement" means this Custody Agreement (as the same may be amended from time to time in accordance with the terms hereof).

"Authorized Person" has the meaning set forth in Section 7.4.

"Business Day" means a day on which the Custodian or the relevant sub-custodian, including a Foreign Sub-custodian, is open for business in the market or country in which a transaction is to take place.

"Cash Account" means the segregated trust account to be established at the Custodian to which the Custodian shall deposit or credit and hold any cash or Proceeds received by it from time to time from or with respect to the Securities or the sale of the securities of the Company, as applicable, which trust account shall be designated the "OFS Capital Cash Proceeds Account".

"Company" has the meaning set forth in the first paragraph of this Agreement.

"Confidential Information" means any databases, computer programs, screen formats, screen designs, report formats, interactive design techniques, and other similar or related information that may be furnished to the Company by the Custodian from time to time pursuant to this Agreement.

"Custodian" has the meaning set forth in the first paragraph of this Agreement.

"Document Custodian" means the Custodian when acting in the role of a document custodian hereunder.

"Eligible Investment" means any investment that at the time of its acquisition is one or more of the following:

(a) United States government and agency obligations;

(b) commercial paper having a rating assigned to such commercial paper by Standard & Poor's Rating Services or Moody's Investor Service, Inc. (or, if neither such organization shall rate such commercial paper at such time, by any nationally recognized rating organization in the United States of America) equal to one of the two highest ratings assigned by such organization, it being understood that as of the date hereof such ratings by Standard & Poor's Rating Services are "A1+" and "A1" and such ratings by Moody's Investor Service, Inc. are "P1" and "P2";

(c) interest bearing deposits in United States dollars in United States or Canadian banks with an unrestricted surplus of at least U.S. $250,000,000, maturing within one year; and

(d) money market funds (including funds of the bank serving as Custodian or its affiliates) or United States government securities funds designed to maintain a fixed share price and high liquidity.

"Eligible Securities Depository" has the meaning set forth in Section (b)(1) of Rule 17f-7 under the 1940 Act.

"Federal Reserve Bank Book-Entry System" means a depository and securities transfer system operated by the Federal Reserve Bank of the United States on which are eligible to be held all United States Government direct obligation bills, notes and bonds.

"Financing Documents" has the meaning set forth in Section 3.3(b)(ii).

"Foreign Intermediary" means a Foreign Sub-custodian and Eligible Securities Depository.

"Foreign Sub-custodian" means and includes (i) any branch of a "U.S. Bank," as that term is defined in Rule 17f-5 under the 1940 Act, (ii) any "Eligible Foreign Custodian," as that term is defined in Rule 17f-5 under the 1940 Act, having a contract with the

Custodian in accordance with Section 6.6, which the Custodian has determined will provide reasonable care of assets of the Company based on the standards specified in Section 6.7 below.

"Foreign Securities" means Securities for which the primary market is outside the United States.

"Loan" means any U.S. dollar denominated commercial loan, or Participation therein, made by a bank or other financial institution that by its terms provides for payments of principal and/or interest, including discount obligations and payment- in-kind obligations, acquired by the Company from time to time.

"Loan Checklist" means a list delivered to the Document Custodian in connection with delivery of each Loan to the Custodian by the Company that identifies the items contained in the related Loan File.

"Loan File" means, with respect to each Loan delivered to the Document Custodian, each of the Required Loan Documents identified on the related Loan Checklist.

"Noteless Loan" means a Loan with respect to which (i) the related loan agreement does not require the obligor to execute and deliver an Underlying Note to evidence the indebtedness created under such Loan and (ii) no Underlying Notes are outstanding with respect to the portion of the Loan transferred by the issuer or the prior holder of record.

"Participation" means an interest in a Loan that is acquired indirectly by way of a participation from a selling institution.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization, or any government or agency or political subdivision thereof.

"Proceeds" means, collectively, (i) the net cash proceeds to the Company of the initial public offering by the Company and any subsequent offering by the Company of any class of securities issued by the Company, (ii) all cash distributions, earnings, dividends, fees and other cash payments paid on the Securities (or, as applicable, Subsidiary Securities) by or on behalf of the issuer or obligor thereof, or applicable paying agent, (iii) the net cash proceeds of the sale or other disposition of the Securities (or, as applicable, Subsidiary Securities) pursuant to the terms of this Agreement and (iv) the net cash proceeds to the Company of any borrowing or other financing by the Company (and any Reinvestment Earnings from investment of any of the foregoing).

"Proper Instructions" means instructions (including Trade Confirmations) received by the Custodian in form acceptable to it, from the Company, or any Person duly authorized by the Company, by any of the following means:

(a) in writing signed by an Authorized Person (and delivered by hand, by mail, by overnight courier or by telecopier);

(b) by electronic mail from an Authorized Person;

(c) in tested communication;

(d) in a communication utilizing access codes effected between electro mechanical or electronic devices; or

(e) such other means as may be agreed upon from time to time by the Custodian and the party giving such instructions, including oral instructions.

"Reinvestment Earnings" has the meaning set forth in Section 3.6(b).

"Required Loan Documents" means, for each Loan:

(a) other than in the case of a Participation, an executed copy of the Assignment for such Loan, as identified on the Loan Checklist;

(b) with the exception of Noteless Loans and Participations, the original executed Underlying Note endorsed by the issuer or the prior holder of record in blank or to the Company, as identified on the Loan Checklist;

(c) (i) if the Company is the sole lender or if the Company or an affiliate of the Company acts as agent for the lenders, (A) an executed copy of the Underlying Loan Agreement (which may be included in the Underlying Note if so indicated in the Loan Checklist), together with a copy of all amendments and modifications thereto, as identified on the Loan Checklist, (B) a copy of each related security agreement (if any) signed by the applicable obligor(s), as identified on the Loan Checklist, and (C) a copy of each related guarantee (if any) then executed in connection with such Loan, as identified on the Loan Checklist, and (ii) in all other cases, such copies of the documents described in clauses (A), (B) and (C), which may not be executed copies, as are reasonably available to the Company, as identified on the Loan Checklist; and

(d) a copy of the Loan Checklist.

"Securities" means, collectively, (i) the investments, including Loans, acquired by the Company and delivered to the Custodian by the Company from time to time during the term of, and pursuant to the terms of, this Agreement and (ii) all dividends in kind (e.g., non-cash dividends) from the investments described in clause (i).

"Securities Account" means the segregated trust account to be established at the Custodian to which the Custodian shall deposit or credit and hold the Securities (other

than Loans) received by it pursuant to this Agreement, which account shall be designated the "OFS Capital Securities Custody Account".

"Securities Custodian" means the Custodian when acting in the role of a securities custodian hereunder.

"Securities Depository" means The Depository Trust Company and any other clearing agency registered with the Securities and Exchange Commission under Section 17A of the Securities Exchange Act of 1934, as amended (the "1934 Act"), which acts as a system for the central handling of securities where all securities of any particular class or series of an issuer deposited within the system are treated as fungible and may be transferred or pledged by bookkeeping entry without physical delivery of the securities.

"Securities System" means the Federal Reserve Book-Entry System, a clearing agency which acts as a Securities Depository, or another book entry system for the central handling of securities (including an Eligible Securities Depository).

"Street Delivery Custom" means a custom of the United States securities market to deliver securities which are being sold to the buying broker for examination to determine that the securities are in proper form.

"Street Name" means the form of registration in which the securities are held by a broker who is delivering the securities to another broker for the purposes of sale, it being an accepted custom in the United States securities industry that a security in Street Name is in proper form for delivery to a buyer and that a security may be re-registered by a buyer in the ordinary course.

"Subsidiary Cash Account" shall have the meaning set forth in Section 3.13(b).

"Subsidiary Securities" collectively, (i) the investments, including Loans, acquired by a Subsidiary and delivered to the Custodian from time to time during the term of, and pursuant to the terms of, this Agreement and (ii) all dividends in kind (e.g., non-cash dividends) from the investments described in clause (i).

"Subsidiary Securities Account" shall have the meaning set forth in Section 3.13(a).

"Subsidiary" means any wholly owned subsidiary of the Company.

"Trade Confirmation" means a confirmation to the Custodian from the Company of the Company's acquisition of a Loan, and setting forth applicable information with respect to such Loan, which confirmation may be in the form of Schedule A attached hereto and made a part hereof, subject to such changes or additions as may be agreed to by, or in such other form as may be agreed to by, the Custodian and the Company from time to time.

"UCC" shall have the meaning set forth in Section 3.3(b)(ii).

"Underlying Loan Agreement" means, with respect to any Loan, the document or documents evidencing the commercial loan agreement or facility pursuant to which such Loan is made.

"Underlying Loan Documents" means, with respect to any Loan, the related Underlying Loan Agreement together with any agreements and instruments (including any Underlying Note) executed or delivered in connection therewith.

"Underlying Note" means the one or more promissory notes executed by an obligor to evidence a Loan.

1.2 Construction. In this Agreement unless the contrary intention appears:

(a) any reference to this Agreement or another agreement or instrument refers to such agreement or instrument as the same may be amended, modified or otherwise rewritten from time to time;

(b) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

(c) any term defined in the singular form may be used in, and shall include, the plural with the same meaning, and vice versa;

(d) a reference to a Person includes a reference to the Person's executors, successors and permitted assigns;

(e) an agreement, representation or warranty in favor of two or more Persons is for the benefit of them jointly and severally;

(f) an agreement, representation or warranty on the part of two or more Persons binds them jointly and severally;

(g) a reference to the term "including" means "including, without limitation," and

(h) a reference to any accounting term is to be interpreted in accordance with generally accepted principles and practices in the United States, consistently applied, unless otherwise instructed by the Company.

1.3 Headings. Headings are inserted for convenience and do not affect the interpretation of this Agreement.

2. **APPOINTMENT OF CUSTODIAN**

2.1 Appointment and Acceptance. The Company hereby appoints the Custodian as custodian of all Securities and cash owned by the Company and the Subsidiaries (as applicable) and delivered to the Custodian by the Company from time to time during the period of this Agreement, on the terms and conditions set forth in this Agreement (which shall include any addendum hereto which is hereby incorporated herein and made a part of this Agreement), and the Custodian hereby accepts such appointment and agrees to perform the services and duties set forth in this Agreement with respect to it, subject to and in accordance with the provisions hereof.

2.2 Instructions. The Company agrees that it shall from time to time provide, or cause to be provided, to the Custodian all necessary instructions and information, and shall respond promptly to all inquiries and requests of the Custodian, as may reasonably be necessary to enable the Custodian to perform its duties hereunder.

2.3 Company Responsible For Directions. The Company is solely responsible for directing the Custodian with respect to deposits to, withdrawals from and transfers to or from the Account. Without limiting the generality of the foregoing, the Custodian has no responsibility for the Company's compliance with the 1940 Act, any restrictions, covenants, limitations or obligations to which the Company may be subject or for which it may have obligations to third-parties in respect of the Account, and the Custodian shall have no liability for the application of any funds made at the direction of the Company. The Company shall be solely responsible for properly instructing all applicable payors to make all appropriate payments to the Custodian for deposit to the Account, and for properly instructing the Custodian with respect to the allocation or application of all such deposits.

3. **DUTIES OF CUSTODIAN**

3.1 Segregation. All Securities and non-cash property held by the Custodian, as applicable, for the account of the Company (other than Securities maintained in a Securities Depository or Securities System) shall be physically segregated from other Securities and non-cash property in the possession of the Custodian and shall be identified as subject to this Agreement.

3.2 Securities Custody Account. The Custodian shall open and maintain in its trust department a segregated trust account in the name of the Company, subject only to order of the Custodian, in which the Custodian shall enter and carry, subject to Section 3.3(b), all Securities (other than Loans) and other investment assets of the Company which are delivered to it in accordance with this Agreement. For avoidance of doubt, the Custodian shall not be required to credit or deposit Loans in the Securities Account but shall instead maintain a register (in book-entry form or in such other form as it shall deem necessary or desirable) of such Loans, containing such information as the Company and the Custodian may reasonably agree; provided that, with respect to such

Loans, all Required Loan Documents shall be held in safekeeping by the Document Custodian, individually segregated from the securities and investments of any other person and marked so as to clearly identify them as the property of the Company in a manner consistent with Rule 17f-1 under the 1940 Act and as set forth in this Agreement.

3.3 Delivery of Cash and Securities to Custodian.

(a) The Company shall deliver, or cause to be delivered, to the Custodian all of the Company's Securities, cash and other investment assets, including (a) all payments of income, payments of principal and capital distributions received by the Company with respect to such Securities, cash or other assets owned by the Company at any time during the period of this Agreement, and (b) all cash received by the Company for the issuance, at any time during such period, of securities or in connection with a borrowing by the Company, except as otherwise permitted by the 1940 Act. With respect to Loans, Required Loan Documents and other Underlying Loan Documents shall be delivered to the Custodian in its role as, and at the address identified for, the Document Custodian. With respect to assets other than Loans, such assets shall be delivered to the Custodian in its role as, and (where relevant) at the address identified for, the Securities Custodian. Except to the extent otherwise expressly provided herein, delivery of Securities to the Custodian shall be in Street Name or other good delivery form. The Custodian shall not be responsible for such Securities, cash or other assets until actually delivered to, and received by it.

(b) (i) In connection with its acquisition of a Loan or other delivery of a Security constituting a Loan, the Company shall deliver or cause to be delivered to the Custodian (in its roles as, and at the address identified for, the Custodian and Document Custodian) a properly completed Trade Confirmation containing such information in respect of such Loan as the Custodian may reasonably require in order to enable the Custodian to perform its duties hereunder in respect of such Loan on which the Custodian may conclusively rely without further inquiry or investigation, in such form and format as the Custodian reasonably may require, and shall deliver to the Document Custodian (in its role as, and at the address identified for, the Document Custodian) the Required Loan Documents, including the Loan Checklist.

(ii) Notwithstanding anything herein to the contrary, delivery of Securities acquired by the Company (or, if applicable, a Subsidiary thereof) which constitute Noteless Loans or Participations or which are otherwise not evidenced by a "security" or "instrument" as defined in Section 8-102 and Section 9-102(a)(47) of the Uniform Commercial Code as in effect in the State of New York (the "UCC"), respectively, shall be made by delivery to the Document Custodian of (i) in the case of a Noteless Loan, a copy of the loan register with respect to such Noteless Loan evidencing registration of such Loan on the books and records of

the applicable obligor or bank agent to the name of the Company or, if applicable, a Subsidiary thereof (or, in either case, its nominee) or a copy (which may be a facsimile copy) of an assignment agreement in favor of the Company (or, if applicable, a Subsidiary thereof) as assignee, and (ii) in the case of a Participation, a copy of the related participation agreement. Any duty on the part of the Custodian with respect to the custody of such Loans shall be limited to the exercise of reasonable care by the Custodian in the physical custody of any such documents delivered to it, and any related instrument, security, credit agreement, assignment agreement and/or other agreements or documents, if any (collectively, "Financing Documents"), that may be delivered to it. Nothing herein shall require the Custodian to credit to the Securities Account or to treat as a financial asset (within the meaning of Section 8-102(a)(9) of the UCC) any such Loan or other asset in the nature of a general intangible (as defined in Section 9-102(a)(42) of the UCC) or to "maintain" a sufficient quantity thereof.

(iii) The Custodian may assume the genuineness of any such Financing Document it may receive and the genuineness and due authority of any signatures appearing thereon, and shall be entitled to assume that each such Financing Document it may receive is what it purports to be. If an original "security" or "instrument" as defined in Section 8-102 and Section 9-102(a)(47) of the UCC, respectively, is or shall be or become available with respect to any Loan to be held by the Custodian under this Agreement, it shall be the sole responsibility of the Company to make or cause delivery thereof to the Document Custodian, and the Custodian shall not be under any obligation at any time to determine whether any such original security or instrument has been or is required to be issued or made available in respect of any Loan or to compel or cause delivery thereof to the Custodian.

(iv) Contemporaneously with the acquisition of any Loan, the Company shall (A) if requested by the Custodian, provide to the Custodian an amortization schedule of principal payments and a schedule of the interest payable date(s) identifying the amount and due dates of all scheduled principal and interest payments for such Loan; (B) take all actions necessary for the Company to acquire good title to such Loan; and (C) take all actions as may be necessary (including appropriate payment notices and instructions to bank agents or other applicable paying agents) to cause (x) all payments in respect of the Loan to be made to the Custodian and (y) all notices, solicitations and other communications in respect of such Loan to be directed to the Company. The Custodian shall have no liability for any delay or failure on the part of the Company to provide necessary information to the Custodian, or for any inaccuracy therein or incompleteness thereof, or for any delay or failure on the part of the Company to give such effective payment instruction to bank agents and other paying agents, in respect of the Loans. With respect to each such Loan, the Custodian shall be entitled to rely on any information and notices it may receive from time to time from the related bank agent, obligor or similar party with respect to the related

Loan Asset, or from the Company, and shall be entitled to update its records (as it may deem necessary or appropriate) on the basis of such information or notices received, without any obligation on its part independently to verify, investigate or recalculate such information.

3.4 Release of Securities.

(a) The Custodian shall release and deliver, or direct its agents or sub-custodian to release and deliver, as the case may be, Securities or Required Loan Documents (or other Underlying Loan Documents) of the Company held by the Custodian, its agents or its sub-custodian from time to time upon receipt of Proper Instructions (which shall, among other things, specify the Securities or Required Loan Documents (or other Underlying Loan Documents) to be released, with such delivery and other information as may be necessary to enable the Custodian to perform), which may be standing instructions (in form acceptable to the Custodian), in the following cases:

(i) upon sale of such Securities by or on behalf of the Company, and such sale may, unless and except to the extent otherwise directed by Proper Instructions, be carried out by the Custodian:

(A) in accordance with the customary or established practices and procedures in the jurisdiction or market where the transactions occur, including delivery to the purchaser thereof or to a dealer therefor (or an agent of such purchaser or dealer) against expectation of receiving later payment; or

(B) in the case of a sale effected through a Securities System, in accordance with the rules governing the operations of the Securities System;

(ii) upon the receipt of payment in connection with any repurchase agreement related to such Securities;

(iii) to a depositary agent in connection with tender or other similar offers for such Securities;

(iv) to the issuer thereof, or its agent, when such Securities are called, redeemed, retired or otherwise become payable (unless otherwise directed by Proper Instructions, the cash or other consideration is to be delivered to the Custodian, its agents or its sub-custodian);

(v) to an issuer thereof, or its agent, for transfer into the name of the Custodian or of any nominee of the Custodian or into the name of any of its agents or sub-custodian or their nominees, or for exchange for a

different number of bonds, certificates or other evidence representing the same aggregate face amount or number of units;

(vi) to brokers, clearing banks or other clearing agents for examination in accordance with the Street Delivery Custom;

(vii) for exchange or conversion pursuant to any plan of merger, consolidation, recapitalization, reorganization or readjustment of the securities of the issuer of such Securities, or pursuant to any deposit agreement (unless otherwise directed by Proper Instructions, the new securities and cash, if any, are to be delivered to the Custodian, its agents or its sub-custodian);

(viii) in the case of warrants, rights or similar securities, the surrender thereof in the exercise of such warrants, rights or similar securities or the surrender of interim receipts or temporary securities for definitive securities (unless otherwise directed by Proper Instructions, the new securities and cash, if any, are to be delivered to the Custodian, its agents or its sub-custodian); and/or

(ix) for any other purpose, but only upon receipt of Proper Instructions and an officer's certificate signed by an officer of the Company (which officer shall not have been the Authorized Person providing the Proper Instructions) stating (i) the specified securities to be delivered, (ii) the purpose for such delivery, (iii) that such purpose is a proper corporate purpose and (iv) naming the person or persons to whom delivery of such Securities shall be made, and attaching a certified copy of a resolution of the board of directors of the Company or an authorized committee thereof approving the delivery of such Proper Instructions.

3.5 Registration of Securities. Securities held by the Custodian, its agents or its sub-custodian (other than bearer securities, securities held in a Securities System or Securities that are Noteless Loans or Participations) shall be registered in the name of the Company or its nominee; or, at the option of the Custodian (if the Custodian determines it cannot hold such security in the name of the Company), in the name of the Custodian or in the name of any nominee of the Custodian, or in the name of its agents or its sub-custodian or their nominees; or, if directed by the Company by Proper Instruction, may be maintained in Street Name. The Custodian, its agents and its sub-custodian shall not be obliged to accept Securities on behalf of the Company under the terms of this Agreement unless such Securities are in Street Name or other good deliverable form.

3.6 Bank Accounts, and Management of Cash

(a) Proceeds and other cash received by the Custodian from time to time shall be deposited or credited to the Cash Account. All amounts deposited or credited to

the Cash Account shall be subject to clearance and receipt of final payment by the Custodian.

(b) Amounts held in the Cash Account from time to time may be invested in Eligible Investments pursuant to specific written Proper Instructions (which may be standing instructions) received by the Custodian from an Authorized Person acting on behalf of the Company. Such investments shall be subject to availability and the Custodian's then applicable transaction charges (which shall be at the Company's expense). The Custodian shall have no liability for any loss incurred on any such investment. Absent receipt of such written instruction from the Company, the Custodian shall have no obligation to invest (or otherwise pay interest on) amounts on deposit in the Cash Account. In no instance will the Custodian have any obligation to provide investment advice to the Company. Any earnings from such investment of amounts held in the Cash Account from time to time (collectively, "Reinvestment Earnings") shall be redeposited in the Cash Account (and may be reinvested at the written direction of the Company).

(c) In the event that the Company shall at any time request a withdrawal of amounts from the Cash Account, the Custodian shall be entitled to liquidate, and shall have no liability for any loss incurred as a result of the liquidation of, any investment of the funds credited to such account as needed to provide necessary liquidity.

(d) The Company acknowledges that cash deposited or invested with any bank (including the bank acting as Custodian) may make a margin or generate banking income for which such bank shall not be required to account to the Company.

3.7 Foreign Exchange

(a) Upon the receipt of Proper Instructions, the Custodian, its agents or its sub-custodian may (but shall not be obligated to) enter into all types of contracts for foreign exchange on behalf of the Company, upon terms acceptable to the Custodian and the Company (in each case at the Company's expense), including transactions entered into with the Custodian, its sub-custodian or any affiliates of the Custodian or the sub-custodian. The Custodian shall have no liability for any losses incurred in or resulting from the rates obtained in such foreign exchange transactions; and absent specific Proper Instructions, the Custodian shall not be deemed to have any duty to carry out any foreign exchange on behalf of the Company. The Custodian shall be entitled at all times to comply with any legal or regulatory requirements applicable to currency or foreign exchange transactions.

(b) The Company acknowledges that the Custodian, any sub-custodian or any affiliates of the Custodian or any sub-custodian, involved in any such foreign exchange transactions may make a margin or generate banking income from foreign exchange transactions entered into pursuant to this Section for which they shall not be required to account to the Company.

3.8 Collection of Income. The Custodian, its agents or its sub-custodian shall use reasonable efforts to collect on a timely basis all income and other payments with respect to the Securities held hereunder to which the Company shall be entitled, to the extent consistent with usual custom in the securities custodian business in the United States. Such efforts shall include collection of interest income, dividends and other payments with respect to registered domestic securities if, on the record date with respect to the date of payment by the issuer, the Security is registered in the name of the Custodian or its nominee (or in the name of its agent or sub-custodian, or their nominees); and interest income, dividends and other payments with respect to bearer domestic securities if, on the date of payment by the issuer, such Securities are held by the Custodian or its sub-custodian or agent; provided, however, that in the case of Securities held in Street Name, the Custodian shall use commercially reasonable efforts only to timely collect income. In no event shall the Custodian's agreement herein to collect income be construed to obligate the Custodian to commence, undertake or prosecute any legal proceedings.

3.9 Payment of Moneys.

(a) Upon receipt of Proper Instructions, which may be standing instructions, the Custodian shall pay out from the Cash Account (or remit to its agents or its sub-custodian, and direct them to pay out) moneys of the Company on deposit therein in the following cases:

(i) upon the purchase of Securities for the Company pursuant to such Proper Instruction; and such purchase may, unless and except to the extent otherwise directed by Proper Instructions, be carried out by the Custodian:

(A) in accordance with the customary or established practices and procedures in the jurisdiction or market where the transactions occur, including delivering money to the seller thereof or to a dealer therefor (or any agent for such seller or dealer) against expectation of receiving later delivery of such securities; or

(B) in the case of a purchase effected through a Securities System, in accordance with the rules governing the operation of such Securities System;

(ii) for the purchase or sale of foreign exchange or foreign exchange agreements for the account of the Company, including transactions executed with or through the Custodian, its agents or its sub-custodian, as contemplated by Section 3.8 above; and

(iii) for any other purpose directed by the Company, but only upon receipt of Proper Instructions specifying the amount of such payment, and naming the Person or Persons to whom such payment is to be made.

(b) At any time or times, the Custodian shall be entitled to pay (i) itself from the Cash Account, whether or not in receipt of express direction or instruction from the Company, any amounts due and payable to it pursuant to Section 8 hereof, and (ii) as otherwise permitted by Section 7.5, 9.4 or Section 12.5 below; provided, however, that in each case all such payments shall be regularly accounted for to the Company.

3.10 Proxies. The Custodian will, with respect to the Securities held hereunder, use reasonable efforts to cause to be promptly executed by the registered holder of such Securities proxies received by the Custodian from its agents or its sub-custodian or from issuers of the Securities being held for the Company, without indication of the manner in which such proxies are to be voted, and upon receipt of Proper Instructions shall promptly deliver to the applicable issuer such proxies relating to such Securities. In the absence of such Proper Instructions, or in the event that such Proper Instructions are not received in a timely fashion, except to the extent otherwise expressly provided herein, the Custodian shall be under no duty to act with regard to such proxies.

3.11 Communications Relating to Securities. The Custodian shall transmit promptly to the Company all written information (including proxies, proxy soliciting materials, notices, pendency of calls and maturities of Securities and expirations of rights in connection therewith) received by the Custodian, from its agents or its sub-custodian or from issuers of the Securities being held for the Company. The Custodian shall have no obligation or duty to exercise any right or power, or otherwise to preserve rights, in or under any Securities unless and except to the extent it has received timely Proper Instruction from the Company in accordance with the next sentence. The Custodian will not be liable for any untimely exercise of any right or power in connection with Securities at any time held by the Custodian, its agents or sub-custodian unless:

(i) the Custodian has received Proper Instructions with regard to the exercise of any such right or power; and

(ii) the Custodian, or its agents or sub-custodian are in actual possession of such Securities,

in each case, at least three (3) Business Days prior to the date on which such right or power is to be exercised. It will be the responsibility of the Company to notify the Custodian of the Person to whom such communications must be forwarded under this Section.

3.12 Records. The Custodian shall create and maintain complete and accurate records relating to its activities under this Agreement with respect to the Securities, cash or other property held for the Company under this Agreement, with particular attention to Section 31 of the 1940 Act, and Rules 31a-1 and 32a-2 thereunder. To the extent that the Custodian, in its sole opinion, is able to do so, the Custodian shall provide assistance to the Company (at the Company's reasonable request made from time to time) by

providing sub-certifications regarding certain of its services performed hereunder to the Company in connection with the Company's certification requirements pursuant to the Sarbanes-Oxley Act of 2002, as amended. All such records shall be the property of the Company and shall at all times during the regular business hours of the Custodian be open for inspection by duly authorized officers, employees or agents of the Company (including its independent public accountants) and employees and agents of the Securities and Exchange Commission, upon reasonable request and prior notice and at the Company's expense. The Custodian shall, at the Company's request, supply the Company with a tabulation of Securities owned by the Company and held by the Custodian and shall, when requested to do so by the Company and for such compensation as shall be agreed upon between the Company and the Custodian, include, to the extent applicable, the certificate numbers in such tabulations, to the extent such information is available to the Custodian.

3.13 Custody of Subsidiary Securities.

(a) With respect to each Subsidiary identified to the Custodian by the Company, there shall be established at the Custodian a segregated trust account to which the Custodian shall deposit and hold any Subsidiary Securities (other than Loans) received by it pursuant to this Agreement, which account shall be designated the "[INSERT NAME OF SUBSIDIARY] Securities Account" (the "Subsidiary Securities Account").

(b) With respect to each Subsidiary identified to the Custodian by the Company, there shall be established at the Custodian a segregated trust account to which the Custodian shall deposit and hold any Proceeds received by it from time to time from or with respect to Subsidiary Securities or other Proceeds, which account shall be designated the "[INSERT NAME OF SUBSIDIARY] Cash Proceeds Account" (the "Subsidiary Cash Account").

(c) To the maximum extent possible, the provisions of this Agreement regarding Securities of the Company, the Securities Account and the Cash Account shall be applicable to any Subsidiary Securities, cash and other investment assets, Subsidiary Securities Account and Subsidiary Cash Account, respectively. The parties hereto agree that the Company shall notify the Custodian in writing as to the establishment of any Subsidiary as to which the Custodian is to serve as custodian pursuant to the terms of this Agreement; and identify in writing any accounts the Custodian shall be required to establish for such Subsidiary as herein provided.

4. **REPORTING**

(a) The Custodian shall render to the Company a monthly report of (i) all deposits to and withdrawals from the Cash Account during the month, and the outstanding balance (as of the last day of the preceding monthly report and as of the last day

of the subject month) and (ii) an itemized statement of the Securities held pursuant to this Agreement as of the end of each month, all transactions in the Securities during the month, as well as a list of all Securities transactions that remain unsettled at that time, and (iii) such other matters as the parties may agree from time to time.

(b) For each Business Day, the Custodian shall render to the Company a daily report of (i) all deposits to and withdrawals from the Cash Account for such Business Day and the outstanding balance as of the end of such Business Day, and (ii) a report of settled trades of Securities for such Business Day.

(c) The Custodian shall have no duty or obligation to undertake any market valuation of the Securities under any circumstance.

(d) The Custodian shall provide the Company, promptly upon request, with such reports as are reasonably available to it and as the Company may reasonably request from time to time, concerning (i) the internal accounting controls, including procedures for safeguarding securities, which are employed by the Custodian or Foreign Sub-custodian appointed pursuant to Section 6.1 and (ii) the financial strength of the Custodian or Foreign Sub-custodian appointed pursuant to Section 6.1.

5. **DEPOSIT IN U.S. SECURITIES SYSTEMS**

The Custodian may deposit and/or maintain Securities in a Securities System within the United States in accordance with applicable Federal Reserve Board and Securities and Exchange Commission rules and regulations, including Rule 17f-4 under the 1940 Act, and subject to the following provisions:

(a) The Custodian may keep domestic Securities in a U.S. Securities System; provided that such Securities are represented in an account of the Custodian in the U.S. Securities System which shall not include any assets of the Custodian other than assets held by it as a fiduciary, custodian or otherwise for customers;

(b) The records of the Custodian with respect to Securities which are maintained in a U.S. Securities System shall identify by book-entry those Securities belonging to the Company;

(c) The Custodian shall provide to the Company copies of all notices received from the U.S. Securities System of transfers of Securities for the account of the Company; and

(d) Anything to the contrary in this Agreement notwithstanding, the Custodian shall not be liable to the Company for any direct loss, damage, cost, expense, liability or claim to the Company resulting from use of any U.S. Securities System (other than to the extent resulting from the gross negligence, misfeasance or misconduct

of the Custodian itself, or from failure of the Custodian to enforce effectively such rights as it may have against the U.S. Securities System.)

6. **SECURITIES HELD OUTSIDE OF THE UNITED STATES**

6.1 Appointment of Foreign Sub-custodian. The Company hereby authorizes and instructs the Custodian in its sole discretion to employ one or more Foreign Sub-custodians to act as Eligible Securities Depositories or as sub-custodian to hold the Securities and other assets of the Company maintained outside the United States, subject to the Company's approval in accordance with this Section. If the Custodian wishes to appoint a Foreign Sub-custodian to hold property of the Company subject to this Agreement, it will so notify the Company and provide it with information reasonably necessary to determine any such new Foreign Sub-custodian's eligibility under Rule 17f-5 under the 1940 Act, including a copy of the proposed agreement with such Foreign Sub-custodian. The Company shall at the meeting of its board of directors next following receipt of such notice and information give a written approval or disapproval of the proposed action.

6.2 Assets to be Held. The Custodian shall limit the Securities and other assets maintained in the custody of the Foreign Sub-custodian to: (a) Foreign Securities and (b) cash and cash equivalents in such amounts as the Company (through Proper Instructions) may determine to be reasonably necessary to effect the Company's transactions in such investments.

6.3 Omnibus Accounts. The Custodian may hold Foreign Securities and related Proceeds with one or more Foreign Sub-custodians or Eligible Securities Depositories in each case in a single account with such Sub-custodian or Securities Depository that is identified as belonging to the Custodian for the benefit of its customers; provided however, that the records of the Custodian with respect to Securities and related Proceeds which are property of the Company maintained in such account(s) shall identify by book-entry those Securities and other property as belonging to the Company

6.4 Reports Concerning Foreign Sub-custodian. The Custodian will supply to the Company, upon request from time to time, statements in respect of the Securities held by Foreign Sub-custodians or Eligible Securities Depositories, including an identification of the Foreign Sub-custodians and Eligible Securities Depositories having physical possession of the Foreign Securities.

6.5 Transactions in Foreign Custody Account. Notwithstanding any provision of this Agreement to the contrary, settlement and payment for Securities received by a Foreign Intermediary for the account of the Company may be effected in accordance with the customary established securities trading or securities processing practices and procedures in the jurisdiction or market in which the transaction occurs, including delivering securities to the purchaser thereof or to a dealer therefor (or an agent for such

purchaser or dealer) against a receipt with the expectation of receiving later payment for such securities from such purchaser or dealer.

6.6 Foreign Sub-custodian. Each contract or agreement pursuant to which the Custodian employs a Foreign Sub-custodian shall include provisions that provide: (i) for indemnification or insurance arrangements (or any combination of the foregoing) such that the Company will be adequately protected against the risk of loss of assets held in accordance with such contract; (ii) that the Company's assets will not be subject to any right, charge, security interest, lien or claim of any kind in favor of the Sub-custodian or its creditors (except a claim of payment for their safe custody or administration) or, in the case of cash deposits, liens or rights in favor of creditors of the Sub-custodian arising under bankruptcy, insolvency, or similar laws; (iii) that beneficial ownership for the Company's assets will be freely transferable without the payment of money or value other than for safe custody or administration; (iv) that adequate records will be maintained identifying the assets as belonging to the Company or as being held by a third party for the benefit of the Company; (v) that the Company's independent public accountants will be given access to those records or confirmation of the contents of those records; and (vi) that the Company will receive periodic reports with respect to the safekeeping of the Company's assets, including notification of any transfer to or from a Company's account or a third party account containing assets held for the benefit of the Company. Such contract may contain, in lieu of any or all of the provisions specified above, such other provisions that the Custodian determines will provide, in their entirety, the same or a greater level of care and protection for Company assets as the specified provisions, in their entirety.

6.7 Custodian's Responsibility for Foreign Sub-custodian.

(a) With respect to its responsibilities under this Section 6, the Custodian agrees to exercise reasonable care, prudence and diligence such as a person having responsibility for the safekeeping of property of the Company would exercise. The Custodian further agrees that the Foreign Securities will be subject to reasonable care, based on the standards applicable to Custodian in the relevant market, if maintained with each Foreign Sub-custodian, after considering all factors relevant to the safekeeping of such assets, including: (i) the Foreign Sub-custodian's practices, procedures, and internal controls, including the physical protections available for certificated securities (if applicable), the method of keeping custodial records, and the security and data protection practices; (ii) whether the Foreign Sub-custodian has the requisite financial strength to provide reasonable care for Company assets; (iii) the Foreign Sub-custodian's general reputation and standing and, in the case of Eligible Securities Depository, the Eligible Securities Depository's operating history and number of participants; and (iv) whether the Company will have jurisdiction over and be able to enforce judgments against the Foreign Sub-custodian, such as by virtue of the existence of any offices of the Foreign Sub-custodian in the United States or the Sub-custodian's consent to service of process in the United States.

(b) At the end of each calendar quarter or at such other times as the Company's board of directors deems reasonable and appropriate based on the circumstances of the Company's foreign custody arrangements, the Custodian shall provide written reports notifying the board of directors of the Company as to of the placement of the Foreign Securities and cash of the Company with a particular Foreign Sub-custodian and of any material changes in the Company's foreign custody arrangements. The Custodian shall promptly take such steps as may be required to withdraw assets of the Company from any Foreign Sub-custodian that has ceased to meet the requirements of Rule 17f-5 under the 1940 Act.

(c) The Custodian shall establish a system to monitor the appropriateness of maintaining the Company's assets with a particular Foreign Sub-custodian and the performance of the contract governing the Company's arrangements with such Foreign Sub-custodian. To the extent the Custodian holds Foreign Securities and related Proceeds with one or more Eligible Securities Depositories, the Custodian shall provide the Company with an analysis of the custody risks associated with maintaining assets with such Eligible Securities Depository and shall monitor such custody risks on a continuing basis and promptly notify the Company of any material change in these risks. The Custodian agrees to exercise reasonable care, prudence and diligence in performing its obligations under this clause (c).

(d) The Custodian's responsibility with respect to the selection or appointment of a Foreign Sub-custodian shall be limited to a duty to exercise reasonable care in the selection or retention of such Foreign Intermediaries in light of prevailing settlement and securities handling practices, procedures and controls in the relevant market. With respect to any costs, expenses, damages, liabilities, or claims (including attorneys' and accountants' fees) incurred as a result of the acts or the failure to act by any Foreign Sub-custodian, the Custodian shall take reasonable action to recover such costs, expenses, damages, liabilities, or claims from such Foreign Sub-custodian; provided that the Custodian's sole liability in that regard shall be limited to amounts actually received by it from such Foreign Intermediaries (exclusive of related costs and expenses incurred by the Custodian). The Custodian shall have no responsibility for any act or omission (or the insolvency of) any Securities System (including an Eligible Securities Depository). In the event the Company incurs a loss due to the negligence, willful misconduct, or insolvency of a Securities System (including an Eligible Securities Depository), the Custodian shall make reasonable endeavors, in its discretion, to seek recovery from the Eligible Securities Depository.

7. **CERTAIN GENERAL TERMS**

7.1 No Duty to Examine Underlying Instruments. Nothing herein shall obligate the Custodian to review or examine the terms of any underlying instrument, certificate, credit agreement, indenture, loan agreement, promissory note, or other financing document evidencing or governing any Security to determine the validity, sufficiency,

marketability or enforceability of any Security (and shall have no responsibility for the genuineness or completeness thereof), or otherwise.

7.2 Resolution of Discrepancies. In the event of any discrepancy between the information set forth in any report provided by the Custodian to the Company and any information contained in the books or records of the Company, the Company shall promptly notify the Custodian thereof and the parties shall cooperate to diligently resolve the discrepancy.

7.3 Improper Instructions. Notwithstanding anything herein to the contrary, the Custodian shall not be obligated to take any action (or forebear from taking any action), which it reasonably determines to be contrary to the terms of this Agreement or applicable law. In no instance shall the Custodian be obligated to provide services on any day that is not a Business Day.

7.4 Proper Instructions

(a) The Company will give a notice to the Custodian, in form acceptable to the Custodian, specifying the names and specimen signatures of persons authorized to give Proper Instructions (collectively, "Authorized Persons" and each is an "Authorized Person"), which notice shall be signed by an Authorized Person previously certified to the Custodian. The Custodian shall be entitled to rely upon the identity and authority of such persons until it receives written notice from an Authorized Person of the Company to the contrary. The initial Authorized Persons are set forth on Schedule B attached hereto and made a part hereof (as such Schedule B may be modified from time to time by written notice from the Company to the Custodian); and the Company hereby represents and warrants that the true and accurate specimen signatures of such initial Authorized Persons are set forth on Schedule B.

(b) The Custodian shall have no responsibility or liability to the Company (or any other person or entity), and shall be indemnified and held harmless by the Company, in the event that a subsequent written confirmation of an oral instruction fails to conform to the oral instructions received by the Custodian. The Custodian shall not have an obligation to act in accordance with purported instructions to the extent that they conflict with applicable law or regulations, local market practice or the Custodian's operating policies and practices. The Custodian shall not be liable for any loss resulting from a delay while it obtains clarification of any Proper Instructions.

7.5 Actions Permitted Without Express Authority. The Custodian may, at its discretion, without express authority from the Company:

(a) make payments to itself as described in or pursuant to Section 3.9(b), or to make payments to itself or others for minor expenses of handling securities or other

similar items relating to its duties under this Agreement; provided that all such payments shall be regularly accounted for to the Company;

(b) surrender Securities in temporary form for Securities in definitive form;

(c) endorse for collection cheques, drafts and other negotiable instruments; and

(d) in general attend to all nondiscretionary details in connection with the sale, exchange, substitution, purchase, transfer and other dealings with the securities and property of the Company.

7.6 Evidence of Authority. The Custodian shall be protected in acting upon any instructions, notice, request, consent, certificate, instrument or paper reasonably believed by it to be genuine and to have been properly executed or otherwise given by or on behalf of the Company by an Authorized Officer. The Custodian may receive and accept a certificate signed by any Authorized Officer as conclusive evidence of:

(a) the authority of any person to act in accordance with such certificate; or

(b) any determination or action by the Company as described in such certificate,

and such certificate may be considered as in full force and effect until receipt by the Custodian of written notice to the contrary from an Authorized Officer of the Company.

7.7 Receipt of Communications. Any communication received by the Custodian on a day which is not a Business Day or after 3:30 p.m., Eastern time (or such other time as is agreed by the Company and the Custodian from time to time), on a Business Day will be deemed to have been received on the next Business Day (but in the case of communications so received after 3:30 p.m., Eastern time, on a Business Day the Custodian will use its best efforts to process such communications as soon as possible after receipt).

8. COMPENSATION OF CUSTODIAN

8.1 Fees. The Custodian shall be entitled to compensation for its services in accordance with the terms of that certain fee letter dated January 31, 2011, between the Company and the Custodian.

8.2 Expenses. The Company agrees to pay or reimburse to the Custodian upon its request from time to time all costs, disbursements, advances, and expenses (including reasonable fees and expenses of legal counsel) incurred, and any disbursements and advances made (including any Account overdraft resulting from any settlement or assumed settlement, provisional credit, chargeback, returned deposit item, reclaimed payment or claw-back, or the like), in connection with the preparation or execution of this Agreement, or in connection with the transactions contemplated hereby or the administration of this Agreement or performance by the Custodian of its duties and

services under this Agreement, from time to time (including costs and expenses of any action deemed necessary by the Custodian to collect any amounts owing to it under this Agreement).

9. **RESPONSIBILITY OF CUSTODIAN**

9.1 General Duties. The Custodian shall have no duties, obligations or responsibilities under this Agreement or with respect to the Securities or Proceeds except for such duties as are expressly and specifically set forth in this Agreement, and the duties and obligations of the Custodian shall be determined solely by the express provisions of this Agreement. No implied duties, obligations or responsibilities shall be read into this Agreement against, or on the part of, the Custodian.

9.2 Instructions

(a) The Custodian shall be entitled to refrain from taking any action unless it has such instruction (in the form of Proper Instructions) from the Company as it reasonably deems necessary, and shall be entitled to require, upon notice to the Company, that Proper Instructions to it be in writing. The Custodian shall have no liability for any action (or forbearance from action) taken pursuant to the Proper Instruction of the Company.

(b) Whenever the Custodian is entitled or required to receive or obtain any communications or information pursuant to or as contemplated by this Agreement, it shall be entitled to receive the same in writing, in form, content and medium reasonably acceptable to it and otherwise in accordance with any applicable terms of this Agreement; and whenever any report or other information is required to be produced or distributed by the Custodian it shall be in form, content and medium reasonably acceptable to it and the Company and otherwise in accordance with any applicable terms of this Agreement.

9.3 General Standards of Care. Notwithstanding any terms herein contained to the contrary, the acceptance by the Custodian of its appointment hereunder is expressly subject to the following terms, which shall govern and apply to each of the terms and provisions of this Agreement (whether or not so stated therein):

(a) The Custodian may rely on (and shall be protected in acting or refraining from acting in reliance upon) any written notice, instruction, statement, certificate, request, waiver, consent, opinion, report, receipt or other paper or document furnished to it (including any of the foregoing provided to it by telecopier or electronic means), not only as to its due execution and validity, but also as to the truth and accuracy of any information therein contained, which it in good faith believes to be genuine and signed or presented by the proper person (which in the case of any instruction from or on behalf of the Company shall be an Authorized Person); and the Custodian shall be entitled to presume the genuineness and due

authority of any signature appearing thereon. The Custodian shall not be bound to make any independent investigation into the facts or matters stated in any such notice, instruction, statement, certificate, request, waiver, consent, opinion, report, receipt or other paper or document; provided, however, that, if the form thereof is specifically prescribed by the terms of this Agreement, the Custodian shall examine the same to determine whether it substantially conforms on its face to such requirements hereof.

(b) Neither the Custodian nor any of its directors, officers or employees shall be liable to anyone for any error of judgment, or for any act done or step taken or omitted to be taken by it (or any of its directors, officers of employees), or for any mistake of fact or law, or for anything which it may do or refrain from doing in connection herewith, unless such action or inaction constitutes gross negligence, willful misconduct or bad faith on its part and in breach of the terms of this Agreement. The Custodian shall not be liable for any action taken by it in good faith and reasonably believed by it to be within powers conferred upon it, or taken by it pursuant to any direction or instruction by which it is governed hereunder, or omitted to be taken by it by reason of the lack of direction or instruction required hereby for such action. Except as otherwise expressly provided herein, the Custodian shall not be under any obligation at any time to ascertain whether the Company is in compliance with the 1940 Act, the regulations thereunder, or the Company's investment objectives and policies then in effect.

(c) In no event shall the Custodian be liable for any indirect, special or consequential damages (including lost profits) whether or not it has been advised of the likelihood of such damages.

(d) The Custodian may consult with, and obtain advice from, legal counsel selected in good faith with respect to any question as to any of the provisions hereof or its duties hereunder, or any matter relating hereto, and the written opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Custodian in good faith in accordance with the opinion and directions of such counsel; the reasonable cost of such services shall be reimbursed pursuant to Section 8.2 above.

(e) The Custodian shall not be deemed to have notice of any fact, claim or demand with respect hereto unless actually known by an officer working in its Corporate Trust Services group and charged with responsibility for administering this Agreement or unless (and then only to the extent received) in writing by the Custodian at the applicable address(es) as set forth in Section 15 and specifically referencing this Agreement.

(f) No provision of this Agreement shall require the Custodian to expend or risk its own funds, or to take any action (or forbear from action) hereunder which might in its judgment involve any expense or any financial or other liability unless it

shall be furnished with acceptable indemnification. Nothing herein shall obligate the Custodian to commence, prosecute or defend legal proceedings in any instance, whether on behalf of the Company or on its own behalf or otherwise, with respect to any matter arising hereunder, or relating to this Agreement or the services contemplated hereby.

(g) The permissive right of the Custodian to take any action hereunder shall not be construed as duty.

(h) The Custodian may act or exercise its duties or powers hereunder through agents or attorneys, and the Custodian shall not be liable or responsible for the actions or omissions of any such agent or attorney (i) appointed with the Company's prior written consent specifically acknowledging such limitation of liability and (ii) maintained with reasonable due care.

(i) All indemnifications contained in this Agreement in favor of the Custodian shall survive the termination of this Agreement.

9.4 Indemnification; Custodian's Lien.

(a) The Company shall and does hereby indemnify and hold harmless each of the Custodian, and any Foreign Sub-custodian appointed pursuant to Section 6.1 above, for and from any and all costs and expenses (including reasonable attorney's fees and expenses), and any and all losses, damages, claims and liabilities, that may arise, be brought against or incurred by the Custodian, and any advances or disbursements made by the Custodian (including in respect of any Account overdraft, returned deposit item, chargeback, provisional credit, settlement or assumed settlement, reclaimed payment, claw-back or the like), as a result of, relating to, or arising out of this Agreement, or the administration or performance of the Custodian's duties hereunder, or the relationship between the Company (including, for the avoidance of doubt, any Subsidiary) and the Custodian created hereby, other than such liabilities, losses, damages, claims, costs and expenses as are directly caused by the Custodian's action or inaction gross negligence or willful misconduct.

(b) The Custodian shall have and is hereby granted a continuing lien upon and security interest in, and right of set-off against, the Account, and any funds (and investments in which such funds may be invested) held therein or credited thereto from time to time, whether now held or hereafter required, and all proceeds thereof, to secure the payment of any amounts that may be owing to the Custodian under or pursuant to the terms of this Agreement, whether now existing or hereafter arising.

9.5 Force Majeure. Without prejudice to the generality of the foregoing, the Custodian shall be without liability to the Company for any damage or loss resulting from or caused by events or circumstances beyond the Custodian's reasonable control, including nationalization, expropriation, currency restrictions, the interruption, disruption or suspension of the normal procedures and practices of any securities market, power, mechanical, communications or other technological failures or interruptions, computer viruses or the like, fires, floods, earthquakes or other natural disasters, civil and military disturbance, acts of war or terrorism, riots, revolution, acts of God, work stoppages, strikes, national disasters of any kind, or other similar events or acts; errors by the Company (including any Authorized Person) in its instructions to the Custodian; or changes in applicable law, regulation or orders.

10. SECURITY CODES

If the Custodian issues to the Company security codes, passwords or test keys in order that it may verify that certain transmissions of information, including Proper Instructions, have been originated by the Company, the Company shall take all commercially reasonable steps to safeguard any security codes, passwords, test keys or other security devices which the Custodian shall make available.

11. TAX LAW

11.1 Domestic Tax Law. The Custodian shall have no responsibility or liability for any obligations now or hereafter imposed on the Company, or the Custodian as custodian of the Securities or the Proceeds, by the tax law of the United States or any state or political subdivision thereof. The Custodian shall be kept indemnified by and be without liability to the Company for such obligations including taxes (but excluding any income taxes assessable in respect of compensation paid to the Custodian pursuant to this Agreement), withholding, certification and reporting requirements, claims for exemption or refund, additions for late payment interest, penalties and other expenses (including legal expenses) that may be assessed against the Company, or the Custodian as custodian of the Securities or Proceeds.

11.2 Foreign Tax Law. It shall be the responsibility of the Company to notify the Custodian of the obligations imposed on the Company, or the Custodian as custodian of any Foreign Securities or related Proceeds, by the tax law of foreign (i.e., non-U.S.) jurisdictions, including responsibility for withholding and other taxes, assessments or other government charges, certifications and government reporting. The sole responsibility of the Custodian with regard to such tax law shall be to use reasonable efforts to cooperate with the Company with respect to any claims for exemption or refund under the tax law of the jurisdictions for which the Company has provided such information.

12. **EFFECTIVE PERIOD, TERMINATION**

12.1 Effective Date. This Agreement shall become effective as of its due execution and delivery by each of the parties. This Agreement shall continue in full force and effect until terminated as hereinafter provided. This Agreement may be terminated by the Custodian or the Company pursuant to Section 12.2.

12.2 Termination. This Agreement shall terminate upon the earliest of (a) occurrence of the effective date of termination specified in any written notice of termination given by either party to the other not later than ninety (90) days prior to the effective date of termination specified therein, (b) such other date of termination as may be mutually agreed upon by the parties in writing.

12.3 Resignation. The Custodian may at any time resign under this Agreement by giving not less than ninety (90) days advance written notice thereof to the Company. The Company may at any time remove the Custodian under this Agreement by giving not less than ninety (90) days advance written notice thereof to the Custodian.

12.4 Successor. Prior to the effective date of termination of this Agreement, or the effective date of the resignation or removal of the Custodian, as the case may be, the Company shall give Proper Instruction to the Custodian designating a successor Custodian, if applicable.

12.5 Payment of Fees, etc. Upon termination of this Agreement or resignation or removal of the Custodian, the Company shall pay to the Custodian such compensation, and shall likewise reimburse the Custodian for its costs, expenses and disbursements, as may be due as of the date of such termination or resignation (or removal, as the case may be). All indemnifications in favor of the Custodian under this Agreement shall survive the termination of this Agreement, or any resignation or removal of the Custodian.

12.6 Final Report. In the event of any resignation or removal of the Custodian, the Custodian shall provide to the Company a complete final report or data file transfer of any Confidential Information as of the date of such resignation or removal.

13. **REPRESENTATIONS AND WARRANTIES**

13.1 Representations of the Company. The Company represents and warrants to the Custodian that:

(a) it has the power and authority to enter into and perform its obligations under this Agreement, and it has duly authorized, executed and delivered this Agreement so as to constitute its valid and binding obligation; and

(b) in giving any instructions which purport to be “Proper Instructions” under this Agreement, the Company will act in accordance with the provisions of its certificate of incorporation and bylaws and any applicable laws and regulations.

13.2 Representations of the Custodian. The Custodian hereby represents and warrants to the Company that:

(a) it is qualified to act as a custodian pursuant to Section 26(a)(1) of the 1940 Act;

(b) it has the power and authority to enter into and perform its obligations under this Agreement;

(c) it has duly authorized, executed and delivered this Agreement so as to constitute its valid and binding obligations; and

(d) it maintains business continuity policies and standards that include data file backup and recovery procedures that comply with all applicable regulatory requirements.

14. PARTIES IN INTEREST; NO THIRD PARTY BENEFIT

This Agreement is not intended for, and shall not be construed to be intended for, the benefit of any third parties and may not be relied upon or enforced by any third parties (other than successors and permitted assigns pursuant to Section 19).

15. NOTICES

Any Proper Instructions(to the extent given by hand, mail, courier or telecopier) shall be given to the following address (or such other address as either party may designate by written notice to the other party), and otherwise any notices, approvals and other communications hereunder shall be sufficient if made in writing and given to the parties at the following address (or such other address as either of them may subsequently designate by notice to the other), given by (i) hand, (ii) certified or registered mail, postage prepaid, (iii) recognized courier or delivery service, or (iv) confirmed telecopier or telex, with a duplicate sent on the same day by first class mail, postage prepaid:

(a) if to the Company or any Subsidiary, to

OFS Capital Corporation
2850 West Golf Road, Suite 520
Rolling Meadows, IL 60008
Attention: Jeffrey A. Cerny
Fax No.: (847) 734-7911

(b) if to the Custodian (other than in its role as Document Custodian), to

U.S. Bank National Association
Corporate Trust Services
One Federal Street, 3rd Floor
Boston, MA 02110

Ref: OFS Capital Corporation
Attention: [_____]
Fax: [_____]
Email: [_____]

(c) if to the Custodian solely in its role as Document Custodian, to

U.S. Bank National Association
1719 Range Way
Florence, South Carolina 29501
Mail Code: Ex - SC - FLOR
Ref: OFS Capital Corporation
Attn: Steven Garrett
E-mail: steven.garrett@usbank.com
Facsimile No.: 843-673-0162

16. **CHOICE OF LAW AND JURISDICTION**

This Agreement shall be construed, and the provisions thereof interpreted under and in accordance with and governed by the laws of the State of New York for all purposes (without regard to its choice of law provisions); except to the extent such laws are inconsistent with federal securities laws, including the 1940 Act.

17. **ENTIRE AGREEMENT; COUNTERPARTS**

17.1 Complete Agreement. This Agreement constitutes the complete and exclusive agreement of the parties with regard to the matters addressed herein and supersedes and terminates, as of the date hereof, all prior agreements or understandings, oral or written, between the parties to this Agreement relating to such matters.

17.2 Counterparts. This Agreement may be executed in any number of counterparts and all counterparts taken together shall constitute one and the same instrument.

17.3 Facsimile Signatures. The exchange of copies of this Agreement and of signature pages by facsimile transmission or pdf shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile or pdf shall be deemed to be their original signatures for all purposes.

18. **AMENDMENT; WAIVER**

18.1 Amendment. This Agreement may not be amended except by an express written instrument duly executed by each of the Company and the Custodian.

18.2 Waiver. In no instance shall any delay or failure to act be deemed to be or effective as a waiver of any right, power or term hereunder, unless and except to the extent such waiver is set forth in an express written instrument signed by the party against whom it is to be charged.

19. **SUCCESSOR AND ASSIGNS**

19.1 Successors Bound. The covenants and agreements set forth herein shall be binding upon and inure to the benefit of each of the parties and their respective successors and permitted assigns. Neither party shall be permitted to assign their rights under this Agreement without the written consent of the other party; provided, however, that the foregoing shall not limit the ability of the Custodian to delegate certain duties or services to or perform them through agents or attorneys appointed with due care as expressly provided in this Agreement.

19.2 Merger and Consolidation. Any corporation or association into which the Custodian may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Custodian shall be a party, or any corporation or association to which the Custodian transfers all or substantially all of its corporate trust business, shall be the successor of the Custodian hereunder, and shall succeed to all of the rights, powers and duties of the Custodian hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

20. **SEVERABILITY**

The terms of this Agreement are hereby declared to be severable, such that if any term hereof is determined to be invalid or unenforceable, such determination shall not affect the remaining terms.

21. **REQUEST FOR INSTRUCTIONS**

If, in performing its duties under this Agreement, the Custodian is required to decide between alternative courses of action, the Custodian may (but shall not be obliged to) request written instructions from the Company as to the course of action desired by it. If the Custodian does not receive such instructions within two (2) Business Days after it has requested them, the Custodian may, but shall be under no duty to, take or refrain from taking any such courses of action. The Custodian shall act in accordance with instructions received from the Company in response to such request after such two-Business Day period except to the extent it has already taken, or committed itself to take, action inconsistent with such instructions.

22. **OTHER BUSINESS**

Nothing herein shall prevent the Custodian or any of its affiliates from engaging in other business, or from entering into any other transaction or financial or other relationship with, or receiving fees from or from rendering services of any kind to the Company or any other Person.

Nothing contained in this Agreement shall constitute the Company and/or the Custodian (and/or any other Person) as members of any partnership, joint venture, association, syndicate, unincorporated business or similar assignment as a result of or by virtue of the engagement or relationship established by this Agreement.

23. **REPRODUCTION OF DOCUMENTS**

This Agreement and all schedules, exhibits, attachments and amendment hereto may be reproduced by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process. The parties hereto each agree that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding, whether or not the original is in existence and whether or not such reproduction was made by a party in the regular course of business, and that any enlargement, facsimile or further production shall likewise be admissible in evidence.

24. **MISCELLANEOUS**

The Company acknowledges receipt of the following notice:

" **IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT.**

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a trust or other legal entity the Custodian will ask for documentation to verify its formation and existence as a legal entity. The Custodian may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation."

[*PAGE INTENTIONALLY ENDS HERE. SIGNATURES APPEAR ON NEXT PAGE.*]

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed and delivered by a duly authorized officer, intending the same to take effect as of the date first written above.

Witness:

OFS CAPITAL CORPORATION

By: _____

Name: _____

Title: _____

Witness:

U.S. BANK NATIONAL ASSOCIATION

By: _____

Name:

Title:

SCHEDULE A

(Trade Confirmation)

[See Attached.]

SCHEDULE B

Any of the following persons (each acting singly) shall be an Authorized Person (as this list may subsequently be modified by the Company from time to time by written notice to the Custodian):

NAME:	SPECIMEN SIGNATURE:

Exhibit (k)(1)

ADMINISTRATION AGREEMENT

This Agreement ("Agreement") is made as of , 2011 by and between OFS CAPITAL CORPORATION, a Delaware corporation (the "Company"), and OFS CAPITAL SERVICES, LLC, a Delaware limited liability company ("OFS Services").

W I T N E S S E T H:

WHEREAS, the Company is a closed-end non-diversified management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940, as amended (the "Investment Company Act");

WHEREAS, the Company desires to retain OFS Services to provide administrative services to the Company, and OFS Services wishes to be retained to provide such services, on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the covenants hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and OFS Services hereby agree as follows:

1. Duties of OFS Services.

(a) Employment of OFS Services. The Company hereby employs OFS Services to act as administrator of the Company and to perform, or oversee the performance of, the administrative services necessary for the operation of the Company, subject to the supervision and control of the Board of Directors of the Company (the "Board"), during the term hereof and upon the terms and conditions set forth in this Agreement. OFS Services hereby accepts such employment and agrees during the term hereof to render, or arrange for the rendering of, such services, subject to the reimbursement of costs and expenses provided for herein.

(b) Certain Services. Without limiting the generality of Section 1(a), OFS Services shall provide the Company with office facilities and equipment, necessary software licenses and subscriptions and clerical, bookkeeping and record keeping services at such facilities and such other services as OFS Services, subject to review by the Board, shall from time to time determine to be necessary or useful to perform its obligations under this Agreement. OFS Services shall also, on behalf of the Company, conduct relations with custodians, depositories, transfer agents, dividend disbursing agents, other stockholder servicing agents, accountants, attorneys, underwriters, brokers and dealers, corporate fiduciaries, insurers, banks and such other persons in any such other capacity deemed to be necessary or desirable. OFS Services shall make reports to the Board of its performance of obligations hereunder and furnish advice and recommendations with respect to such other aspects of the business and affairs of the Company as it shall determine to be desirable; provided that nothing herein shall be construed to require OFS Services to, and OFS Services shall not, provide any advice or recommendation relating to the subject matter of, nor perform any of the investment advisory services described in, the Investment Advisory Agreement, dated as of , 2011, between the Company and OFS Capital Management, LLC (the "Advisor"). OFS Services shall be responsible for the financial and other records that the Company is required to maintain and shall prepare reports to stockholders and all other reports and materials required to be filed with the Securities and Exchange Commission

(the "SEC") or any other regulatory authority. OFS Services shall provide, on the Company's behalf, managerial assistance to those portfolio companies that have accepted the Company's offer to provide such assistance. In addition, OFS Services shall assist the Company in determining and publishing the Company's net asset value, overseeing the preparation and filing of the Company's tax returns and the printing and disseminating of reports to stockholders, and generally overseeing the payment of the Company's expenses and the performance of administrative and professional services rendered to the Company by others.

(c) Independent Contractor. OFS Services, and such others as it may arrange to provide services hereunder, shall for all purposes herein each be deemed to be an independent contractor and, except as expressly provided or authorized herein, shall have no authority to act for or represent the Company in any way or otherwise be deemed an agent of the Company.

(d) Books and Records. OFS Services agrees to maintain and keep all books, accounts and other records of the Company that relate to activities performed by OFS Services hereunder and shall maintain and keep such books, accounts and records in accordance with the Investment Company Act requirements. In compliance with the requirements of Rule 31a-3 under the Investment Company Act, OFS Services agrees that all records that it maintains for the Company shall at all times remain the property of the Company, shall be readily accessible during normal business hours and shall be promptly surrendered to the Company upon the termination of this Agreement or otherwise on written request. OFS Services further agrees that all records which it maintains for the Company pursuant to Rule 31a-1 under the Investment Company Act shall be preserved for the periods prescribed by Rule 31a-2 under the Investment Company Act unless any such records are earlier surrendered as provided above. Records shall be surrendered in usable machine-readable form. OFS Services shall have the right to retain copies of such records, subject to observance of its confidentiality obligations under this Agreement.

2. Confidentiality. The parties hereto agree that each shall treat confidentially all information provided by a party hereto to the other party regarding its business and operations. All confidential information provided by a party hereto, including nonpublic personal information (regulated pursuant to Regulation S-P of the SEC), shall be used by the other party hereto solely for the purpose of rendering services pursuant to this Agreement and, except as may be required in carrying out this Agreement, shall not be disclosed to any third party, without the prior consent of such providing party. The foregoing shall not be applicable to any information that is publicly available when provided or thereafter becomes publicly available other than through a breach of this Agreement, or that is required to be disclosed by any regulatory authority, by judicial or administrative process or otherwise by applicable law or regulation.

3. Compensation; Allocation of Costs and Expenses.

(a) In full consideration of the provision of the services of OFS Services, the Company shall reimburse OFS Services for the costs and expenses incurred by OFS Services in performing its obligations hereunder, which shall be equal to an amount based on the Company's allocable portion (subject to review and approval of the Board) of OFS Services' overhead in performing its obligations under this Agreement, including rent, necessary software licenses and subscriptions and the allocable portion of the cost of the Company's officers, including a chief executive officer, chief financial officer, chief

compliance officer, chief accounting officer, if any, and their respective staffs. To the extent OFS Services outsources any of its functions, the Company shall pay the fees associated with such functions on a direct basis without profit to OFS Services.

(b) Other than those expenses specifically assumed by the Advisor pursuant to the Investment Advisory and Management Agreement between the Company and the Advisor, the Company shall bear all costs and expenses that are incurred in its operation, administration and transactions, including those relating to:

(i) organization of the Company;

(ii) calculating the Company's net asset value (including the cost and expenses of any independent valuation firm);

(iii) fees and expenses incurred by the Advisor payable to third parties, including agents, consultants or other advisors, in monitoring financial and legal affairs for the Company and in monitoring the Company's investments and performing due diligence on its prospective portfolio companies or otherwise relating to, or associated with, evaluating and making investments;

(iv) interest payable on debt, if any, incurred to finance the Company's investments;

(v) sales and purchases of the Company's common stock and other securities;

(vi) distributions on the Company's common stock and other securities;

(vii) investment advisory and management fees (including in respect of the operations of the Company's small business investment company subsidiary);

(viii) administration fees and expenses, if any, payable under this Agreement;

(ix) the allocated costs incurred by OFS Services as administrator in providing managerial assistance to those portfolio companies of the Company that request it;

(x) transfer agent, dividend paying and reinvestment agent and custodial fees and expenses;

(xi) federal and state registration fees;

(xii) all costs of registration and listing the Company's shares on any securities exchange;

(xiii) federal, state and local taxes;

(xiv) independent directors' fees and expenses;

(xv) costs of preparing and filing reports or other documents required by the SEC or other regulators;

(xvi) costs of any reports, proxy statements or other notices to stockholders, including printing costs;

(xvii) the Company's allocable portion of any fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;

(xviii) indemnification payments;

(xix) direct costs and expenses of administration, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs;

(xx) proxy voting expenses; and

(xxi) all other expenses incurred by the Company or OFS Services in connection with administering the Company's business.

4. Activities of OFS Services. The services of OFS Services to the Company are not exclusive, and OFS Services and/or any of its affiliates may engage in any other business or render similar or different services to others. It is understood that directors, officers, employees and stockholders of the Company are or may become interested in OFS Services and its affiliates, as directors, officers, employees, partners, stockholders, members, managers or otherwise, and that OFS Services and directors, officers, employees, partners, stockholders, members and managers of OFS Services and its affiliates are or may become similarly interested in the Company as stockholders or otherwise.

5. Limitation of Liability of OFS Services; Indemnification. OFS Services and its affiliates and its and its affiliates' respective directors, officers, employees, members, managers, partners and stockholders, each of whom shall be deemed a third party beneficiary hereof (collectively, the "Indemnified Parties") shall not be liable to the Company or its subsidiaries or its and its subsidiaries' respective directors, officers, employees, members, managers, partners or stockholders for any action taken or omitted to be taken by OFS Services in connection with the performance of any of its duties or obligations under this Agreement or otherwise as administrator for the Company, and the Company shall indemnify, defend and protect the Indemnified Parties and hold them harmless from and against all claims or liabilities (including reasonable attorneys' fees) and other expenses reasonably incurred by the Indemnified Parties in or by reason of any pending, threatened or completed action, suit, investigation or other proceeding (including an action or suit by or in the right of the Company or its security holders) arising out of or in connection with the performance of any of OFS Services' duties or obligations under this Agreement or otherwise as administrator for the Company. Notwithstanding the foregoing provisions of this Section 5 to the contrary, nothing contained herein shall protect or be deemed to protect the Indemnified Parties against, or entitle or be deemed to entitle the Indemnified Parties to indemnification in respect of, any liability to the Company or its security holders to which the Indemnified Parties would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of such Indemnified Party's duties, or by reason of such Indemnified Party's reckless disregard of its obligations and duties under this Agreement (to the extent applicable, as the same shall be

determined in accordance with the Investment Company Act and any interpretations or guidance by the SEC or its staff thereunder).

6. Effectiveness, Duration and Termination.

(a) This Agreement shall become effective as of the first date above written. This Agreement shall remain in effect for two years after such date, and thereafter shall continue automatically for successive annual periods; provided that such continuance is specifically approved at least annually by:

(i) the vote of the Board, or by the vote of holders of a majority of the outstanding voting securities of the Company; and

(ii) the vote of a majority of the Company's directors who are not "interested persons" (as such term is defined in Section 2(a)(19) of the Investment Company Act) of any party hereto, in accordance with the requirements of the Investment Company Act;

(b) This Agreement may be terminated at any time, without the payment of any penalty, upon 60 days' written notice, by (i) the vote of holders of a majority of the outstanding voting securities of the Company, (ii) the vote of the Board or (iii) OFS Services.

(c) The provisions of Section 5 of this Agreement shall remain in full force and effect, and apply to OFS Services and its representatives as and to the extent applicable, and OFS Services shall remain entitled to the benefits thereof, notwithstanding any termination or expiration of this Agreement. Further, notwithstanding the termination or expiration of this Agreement as aforesaid, OFS Services shall be entitled to any amounts owed under Section 3 through the date of termination or expiration.

7. Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned by either party hereto without the prior written consent of the other party. No assignment by either party permitted hereunder shall relieve the applicable party of its obligations under this Agreement. Any assignment by either party in accordance with the terms of this Agreement shall be pursuant to a written assignment agreement in which the assignee expressly assumes the assigning party's rights and obligations hereunder.

8. Third Party Beneficiaries. Nothing in this Agreement, either express or implied, is intended to or shall confer upon any person other than the parties hereto and the Indemnified Parties any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

9. Amendments of this Agreement. This Agreement may not be amended or modified except by an instrument in writing signed by both parties hereto.

10. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, including Sections 5-1401 and 5-1402 of the New York General Obligations Law and New York Civil Practice Laws and Rules 327(b), and the applicable provisions of the Investment Company Act, if any. To the extent that the applicable laws of the State of New York, or any of the provisions herein, conflict with the applicable provisions of the Investment Company Act, if any, the latter shall control. The parties

hereto unconditionally and irrevocably consent to the exclusive jurisdiction of the federal and state courts located in the State of New York and waive any objection with respect thereto, for the purpose of any action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

11. No Waiver. The failure of either party hereto to enforce at any time for any period the provisions of or any rights deriving from this Agreement shall not be construed to be a waiver of such provisions or rights or the right of such party thereafter to enforce such provisions, and no waiver shall be binding unless executed in writing by all parties hereto.

12. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

13. Headings. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

14. Counterparts. This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original instrument and all of which taken together shall constitute one and the same agreement.

15. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service (with signature required), by facsimile, or by registered or certified mail (postage prepaid, return receipt requested) to the parties hereto at their respective principal executive office addresses.

16. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, between the parties hereto with respect to such subject matter.

17. Certain Matters of Construction.

(a) The words “hereof”, “herein”, “hereunder” and words of similar import shall refer to this Agreement as a whole and not to any particular Section or provision of this Agreement, and reference to a particular Section of this Agreement shall include all subsections thereof.

(b) Definitions shall be equally applicable to both the singular and plural forms of the terms defined, and references to the masculine, feminine or neuter gender shall include each other gender.

(c) The word “including” shall mean including without limitation.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

OFS CAPITAL CORPORATION

By: _____
Name:
Title:

OFS CAPITAL SERVICES, LLC

By: _____
Name:
Title:

Exhibit (k)(2)

TRADEMARK LICENSE AGREEMENT

This Agreement ("Agreement") is made as of , 2011 by and between OFS CAPITAL CORPORATION, a Delaware corporation ("Licensee") and ORCHARD FIRST SOURCE ASSET MANAGEMENT, LLC, a Delaware limited liability company ("Licensor").

W I T N E S S E T H:

WHEREAS, Licensee is a closed-end non-diversified management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940, as amended;

WHEREAS, Licensor and its affiliates provide investment management, investment consultation and investment advisory services;

WHEREAS, Licensor and its affiliates, including OFS Capital Management, LLC, a Delaware limited liability company ("Advisor"), have used the mark "OFS" (the "Licensed Mark") in the United States of America (the "Territory") in connection with the investment management, investment consultation and investment advisory services they provide;

WHEREAS, concurrently with the entry into this Agreement, Licensee is entering into an investment advisory agreement with Advisor, pursuant to which Licensee shall engage Advisor to act as the investment advisor to Licensee;

WHEREAS, it is intended that Advisor be a third party beneficiary of this Agreement; and

WHEREAS, Licensee desires to use the Licensed Mark as part of its corporate name and in connection with the operation of its business, and Licensor is willing to grant Licensee a license to use the Licensed Mark, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises and the covenants hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Licensee and Licensor hereby agree as follows:

1. License Grant; Compliance.

(a) License.

(i) Subject to the terms and conditions of this Agreement, Licensor hereby grants to Licensee, and Licensee hereby accepts from Licensor, a personal, non-exclusive, royalty-free right and license to use the Licensed Mark solely and exclusively as a component of Licensee's own corporate name and in connection with operating and marketing the investment management, investment consultation and investment advisory services that Advisor may provide to Licensee. During the term of this Agreement, Licensee shall use the Licensed Mark only to the extent permitted under this License and, except as provided above, neither Licensee nor any of its affiliates, owners, directors, officers, employees or agents shall otherwise use the Licensed Mark or any derivative thereof in the Territory without the prior express written consent of Licensor, in its sole and absolute discretion, and shall not use the Licensed Mark for

any purpose outside the Territory. All rights not expressly granted to Licensee hereunder shall remain the exclusive property of Licensor.

(ii) Nothing in this Agreement shall preclude Licensor or any of its successors or assigns from using or permitting other entities to use the Licensed Mark, whether or not such entity directly or indirectly competes or conflicts with Licensee's business in any manner.

(b) Independent Contractor. Neither party shall have, or shall represent that it has, any authority to act for or represent the other party in any way, or otherwise be deemed an agent of the Company.

(c) Quality Control. In order to preserve the inherent value of the Licensed Mark, Licensee agrees to use reasonable efforts to ensure that it maintains the quality of Licensee's business and the operation thereof equal to the standards prevailing in the operation of Licensee's business as of the date of this Agreement. Licensee further agrees to use the Licensed Mark in accordance with such quality standards as may be reasonably established by Licensor and communicated to Licensee from time to time in writing, or as may be agreed to by Licensor and Licensee from time to time in writing.

(d) Compliance With Laws. Licensee agrees that the business operated by it in connection with the Licensed Mark shall comply in all material respects with all laws, rules, regulations and requirements of any governmental body in the Territory or elsewhere as may be applicable to the operation, marketing and promotion of the business.

(e) Notification of Infringement. Each party shall immediately notify the other party and provide to the other party all relevant background facts upon becoming aware of (i) any registrations of, or applications for registration of, marks in the Territory that do or may conflict with Licensor's rights in the Licensed Mark or the rights granted to Licensee under this Agreement, (ii) any infringements or misuse of the Licensed Mark in the Territory by any third party ("Third Party Infringement"), or (iii) any claim that Licensee's use of the Licensed Mark infringes the intellectual property rights of any third party in the Territory ("Third Party Claim"). Licensor shall have the exclusive right, but not the obligation, to prosecute, defend and/or settle, in its sole discretion, all actions, proceedings and claims involving any Third Party Infringement or Third Party Claim, and to take any other action that it deems necessary or proper for the protection and preservation of its rights in the Licensed Mark. Licensee shall cooperate with Licensor in the prosecution, defense or settlement of such actions, proceedings or claims.

2. Representations and Warranties.

Each party hereby represents and warrants to the other party as follows:

(a) Such party is a corporation or limited liability company, as the case may be, duly incorporated or organized, validly existing and in good standing as of the date hereof, and the execution, delivery and performance of this Agreement by such party have been duly authorized by all necessary action on the part of such party.

(b) This Agreement has been duly executed and delivered by such party and, upon due authorization, execution and delivery of this Agreement by the other party, constitutes a legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms.

(c) Such party's execution, delivery and performance of this Agreement do not: (i) violate, conflict with or result in the breach of any provision of the charter or bylaws or similar organizational documents of such party; (ii) conflict with or violate any governmental order applicable to such party or any of its assets, properties or businesses; or (iii) conflict with, result in any breach of, constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, require any consent under, or give to others any rights of termination, amendment, acceleration, suspension, revocation or cancellation of any contract, agreement, lease, sublease, license, permit, franchise or other instrument or arrangement to which it is a party.

3. Effectiveness, Duration and Termination.

(a) This Agreement shall become effective as of the first date above written. This Agreement shall remain in effect until the Advisor or one of its affiliates ceases to serve as investment advisor to Licensee.

(b) This Agreement may be terminated at any time, without the payment of any penalty, upon 60 days' written notice, by either party. This Agreement may be terminated at any time, upon written notice, by Licensor in the event that (a) Licensor or Licensee receives notice of any Third Party Claim arising out of Licensee's use of the Licensed Mark or (b) Licensee assigns or attempts to assign or sublicense this Agreement or any of Licensee's rights or duties hereunder without the prior written consent of Licensor.

(c) Upon termination or expiration of this Agreement, all rights granted to Licensee under this Agreement with respect to the Licensed Mark shall cease, and Licensee shall immediately delete the term "OFS" from its corporate name and shall discontinue all other use of the Licensed Mark. For two years following termination or expiration of this Agreement, Licensee shall specify on all public-facing materials in a form, placement and size reasonably agreed upon by Licensor and Licensee, that Licensee is no longer operating under the Licensed Mark and is no longer associated with Licensor, or such other notice as may be deemed necessary by Licensor in its sole discretion in its prosecution, defense, and/or settlement of any Third Party Claim.

4. Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. Licensee shall not sublicense, assign, pledge, grant or otherwise encumber or transfer to any third party all or any part of its rights or duties under this Agreement, in whole or in part, without the prior written consent from Licensor.

Any purported transfer without such consent shall be void *ab initio*. No assignment by Licensee permitted hereunder shall relieve Licensee of its obligations under this Agreement. Any assignment by Licensee in accordance with the terms of this Agreement shall be pursuant to a written assignment agreement in which the assignee expressly assumes Licensee's rights and obligations hereunder.

5. Third Party Beneficiaries. The parties agree that Advisor shall be a third party beneficiary of this Agreement, and shall have the obligations, rights and protections provided to Licensee under this Agreement. Nothing in this Agreement, either express or implied, is intended to or shall confer upon any person other than the parties and the Advisor any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

6. Amendments of this Agreement. This Agreement may not be amended or modified except by an instrument in writing signed by both parties.

7. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, including Sections 5-1401 and 5-1402 of the New York General Obligations Law and New York Civil Practice Laws and Rules 327(b), and the applicable provisions of the Investment Company Act, if any. To the extent that the applicable laws of the State of New York, or any of the provisions herein, conflict with the applicable provisions of the Investment Company Act, if any, the latter shall control. The parties unconditionally and irrevocably consent to the exclusive jurisdiction of the federal and state courts located in the State of New York and waive any objection with respect thereto, for the purpose of any action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

8. No Waiver. The failure of either party to enforce at any time for any period the provisions of or any rights deriving from this Agreement shall not be construed to be a waiver of such provisions or rights or the right of such party thereafter to enforce such provisions, and no waiver shall be binding unless executed in writing by all parties.

9. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

10. Headings. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

11. Counterparts. This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original instrument and all of which taken together shall constitute one and the same agreement.

12. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service (with signature required), by facsimile, or by registered or certified mail (postage prepaid, return receipt requested) to the parties at their respective principal executive office addresses.

13. Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, between the parties with respect to such subject matter.

14. Certain Matters of Construction.

(a) The words “hereof”, “herein”, “hereunder” and words of similar import shall refer to this Agreement as a whole and not to any particular Section or provision of this Agreement, and reference to a particular Section of this Agreement shall include all subsections thereof.

(b) Definitions shall be equally applicable to both the singular and plural forms of the terms defined, and references to the masculine, feminine or neuter gender shall include each other gender.

(c) The word “including” shall mean including without limitation.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

ORCHARD FIRST SOURCE ASSET MANAGEMENT, LLC

By: _____
Name:
Title:

OFS CAPITAL CORPORATION

By: _____
Name:
Title:

Acknowledged and agreed to
as of the date first written above.

OFS CAPITAL MANAGEMENT, LLC

By: _____
Name:
Title:

FIRST AMENDMENT TO LOAN SALE AGREEMENT (this "Amendment"), dated as of February 23, 2011, among OFS Capital WM, LLC (the "Purchaser") and OFS Capital, LLC (the "Seller").

WHEREAS, the Seller and the Purchaser are party to the Loan Sale Agreement, dated as of September 28, 2010 (the "Loan Sale Agreement"), providing, among other things, for the sale of loan assets from the Seller to the Purchaser; and

WHEREAS, the Purchaser and the Seller desire to amend the Loan Sale Agreement in accordance with Section 8.1 of the Loan Sale Agreement and subject to the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing premises and the mutual agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I

Definitions

SECTION 1.1. Defined Terms. Terms used but not defined herein have the respective meanings given to such terms in the Loan Sale Agreement.

ARTICLE II

Amendments to Loan Sale Agreement

SECTION 2.1. Amendment to Section 2.5. Section 2.5 of the Loan Sale Agreement is amended by adding the following new section (e) in the appropriate alphabetical order:

"(e) Notwithstanding anything to the contrary in this Agreement or in the Loan Agreement, no Conveyed Asset may be substituted by the Seller other than pursuant to a Substitution in accordance with Section 7.2."

SECTION 2.2. Amendment to Section 7.1. Section 7.1 of the Loan Sale Agreement is amended by deleting such section in its entirety and inserting in lieu thereof the following:

"In addition to the right to replace Loans by Substitution as provided in Section 2.5, the Seller shall have the right, but not the obligation, to purchase or repurchase from the Purchaser any such Loan (including, without limitation, any Loan with an Assigned Value of zero) subject to the Repurchase and Substitution Limit and the conditions set forth in the Loan Agreement and subject to the Consent Procedures Letter. In the event of such a purchase or repurchase, the Seller shall deposit in the Collection Account an amount equal to the fair market

value (subject to the OFS Parent Valuation Procedure) for such Loan (or applicable portion thereof) as of the date of such purchase or repurchase. The Seller and the Purchaser shall execute and deliver such instruments, consents or other documents and perform all acts reasonably requested by the Seller and the Loan Manager in order to effect the transfer and release of any of the Purchaser's interests in the Loans (together with the property related thereto) that are being purchased or repurchased and the release thereof from the lien of the Loan Agreement. Notwithstanding anything to the contrary in this Agreement or in the Loan Agreement, no Conveyed Asset may be repurchased by the Seller other than pursuant to a repurchase in accordance with Section 7.2."

SECTION 2.3. Amendment to Section 7.4. Section 7.4 of the Loan Sale Agreement is amended by deleting such section in its entirety and inserting in lieu thereof the following:

"The Outstanding Balance of all Loans which are the subject of an optional Substitution, purchase or repurchase by the Seller hereunder, with respect to which (i) an Obligor defaults on its payment obligations, (ii) an Obligor defaults and the agent or lender elects to enforce any of its rights or remedies with respect thereto, (iii) all or a portion of the principal due thereunder is reduced, waived or forgiven or any lenders' rights to payment of principal as and when due thereunder has been waived or delayed or lenders thereunder have agreed to forbear from enforcing their rights to such payment or (iv) an Insolvency Event occurs with respect to the related Obligor, shall not exceed 10% of the Net Purchased Loan Balance as of the date of determination. The Outstanding Balance of all Loans which are the subject of an optional Substitution, purchase or repurchase by the Seller hereunder shall not exceed, in the aggregate, 20% of the Net Purchased Loan Balance as of the date of determination. The foregoing provisions in this paragraph constitute the "Repurchase and Substitution Limit". For the avoidance of doubt, any mandatory Substitution, purchase or repurchase of any Loan by the Seller pursuant to Section 7.2 hereof and the sale of any Loan or any Equity Security at the discretion of the Loan Manager on behalf of the Borrower to the Seller pursuant to the Loan Agreement reflecting arms length market terms and subject to the OFS Parent Valuation Procedure will not constitute a Substitution or sale subject to the Repurchase and Substitution Limit. Notwithstanding anything to the contrary in this Agreement or in the Loan Agreement, no Conveyed Asset may be repurchased or substituted by the Seller other than pursuant to a repurchase or Substitution in accordance with Section 7.2."

ARTICLE III

Representations and Warranties

SECTION 3.1. The Purchaser hereby represents and warrants to the Administrative Agent that, as of the date first written above, (i) with respect to the Purchaser, no event has occurred and is continuing that constitutes either a Default or an Event of Default and (ii) the representations and warranties of the Purchaser contained in the Loan Sale Agreement are true and correct in all material respects on and as of such day (other than any representation and warranty that is made as of a specific date).

SECTION 3.2. The Seller hereby represents and warrants to the Administrative Agent that, as of the date first written above, (i) with respect to the Seller, no event has occurred and is continuing that constitutes either a Default or an Event of Default and (ii) the representations and warranties of the Seller contained in the Loan Sale Agreement are true and correct in all material respects on and as of such day (other than any representation and warranty that is made as of a specific date).

ARTICLE IV

Conditions Precedent

SECTION 4.1. This Amendment shall become effective as of the date first written above upon the execution and delivery of this Amendment by the Purchaser and the Seller, and the written consent of both the Administrative Agent and the Trustee.

ARTICLE V

Miscellaneous

SECTION 5.1. Governing Law. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SECTION 5.2. Severability Clause. In case any provision in this Amendment shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 5.3. Ratification. Except as expressly amended hereby, the Loan Sale Agreement is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Amendment shall form a part of the Loan Sale Agreement for all purposes.

SECTION 5.4. Counterparts. The parties hereto may sign one or more copies of this Amendment in counterparts, all of which together shall constitute one and the same agreement. Delivery of an executed signature page of this Amendment by facsimile or email transmission shall be effective as delivery of a manually executed counterpart hereof.

SECTION 5.5. Headings. The headings of the Articles and Sections in this Amendment are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first written above.

PURCHASER:

OFS CAPITAL WM, LLC

By: OFS Capital, LLC, its Administrative Manager

By: Orchard First Source Asset Management, LLC, its Manager

By: Orchard First Source Capital, Inc., its Managing Member

By: /s/ Glenn R. Pittson
Name: Glenn R. Pittson
Title: President

SELLER:

OFS CAPITAL, LLC

By: Orchard First Source Asset Management, LLC, its Manager

By: Orchard First Source Capital, Inc., its Managing Member

By: /s/ Glenn R. Pittson
Name: Glenn R. Pittson
Title: President

Consented and agreed to by:

WELLS FARGO SECURITIES, LLC,
in its capacity as Administrative Agent

By: /s/ Mike Romanzo
Name: Mike Romanzo, CFA
Title: Director

Consented and agreed to by:

TRUSTEE:

WELLS FARGO DELAWARE TRUST COMPANY, N.A.,
not in its individual capacity, but solely as Trustee

By: /s/ Scott A. Huff
Name: Scott A. Huff
Title: Vice President

OFS Capital WM, LLC
OFS Capital, LLC
2850 West Golf Rd.
Suite 520
Rolling Meadows, Illinois 60008

February 23, 2011

Madison Capital Funding LLC
MCF Capital Management LLC
30 South Wacker Drive
Suite 3700
Chicago, IL 60606

Re: Amended and Restated Consent Procedures Letter

Dear Sirs:

Reference is hereby made to that certain Consent Procedures Letter, dated as of September 28, 2010 (the "Original Letter"), among OFS Capital, LLC, OFS Capital WM, LLC, Madison Capital Funding LLC, and MCF Capital Management LLC. The parties hereto now wish to amend and restate in its entirety the Original Letter and, therefore, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, agree that the Original Letter is hereby amended and restated in its entirety to read as follows:

Reference is hereby made to that certain Loan and Security Agreement, dated as of September 28, 2010, by and among MCF Capital Management LLC, as Loan Manager, OFS Capital WM, LLC, as Borrower, each of the Class A Lenders from time to time party thereto, each of the Class B Lenders from time to time party thereto, Wells Fargo Securities, LLC, as Administrative Agent and Wells Fargo Delaware Trust Company, N.A., as Trustee, as amended by that certain First Amendment to Loan and Security Agreement dated as of November 27, 2010, and by that certain Second Amendment to Loan and Security Agreement dated as of January 26, 2011 (as further amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"). Capitalized terms used but not defined herein shall have the meaning set forth with respect thereto in the Loan Agreement. In consideration of OFS Capital, LLC ("OFS Capital"), in its capacity as administrative manager on behalf of the Borrower (the "Administrative Manager"), causing the Borrower to enter into the Loan Agreement, pursuant to which Wells Fargo Bank, N.A. ("Wells Fargo") will be the initial Class A Lender, Madison Capital Funding LLC (in its individual capacity, "Madison") will be the initial Class B Lender and MCF Capital Management LLC, an affiliate of Madison, will be the Loan Manager, each of OFS Capital, the Borrower, Madison and the Loan Manager hereby agrees as follows.

1. During the Reinvestment Period and so long as the Borrower has sufficient availability under the Loan Agreement to acquire a Qualifying Loan (as defined below) in an

amount at least equal to $5,000,000, Madison will notify the Borrower, the Loan Manager and the Administrative Manager of each term loan which Madison formally commits to (or originates) or has otherwise received a final allocation in excess of its targeted term loan hold level (the "Madison Allocation") and which loan, in Madison's reasonable determination, satisfies the definition of Eligible Loan in the Loan Agreement (each such eligible term loan, a "Qualifying Loan"). Madison agrees to offer for sale to the Borrower a portion of each Qualifying Loan from Madison's Allocation that is in excess of its targeted term loan hold level; provided that Madison shall have no obligation to offer to the Borrower more than $5,000,000 in principal amount of any Qualifying Loan. It is understood and agreed that, for administrative convenience, any sale to the Borrower may be made directly by a third party seller to the Borrower, but shall be deemed to be made by Madison for purposes of this Section 1. To effect such offer, Madison will deliver to the Borrower, the Loan Manager and the Administrative Manager a notice accompanied by the internal credit approval memoranda produced by Madison in respect of such Qualifying Loan and any other information Madison deems relevant along with a justification for acquisition by the Borrower of the offered portion of such Qualifying Loan ("Notice of Purchase Contemplation") at least two (2) business days prior to any commitment by the Loan Manager on behalf of the Borrower to acquire any portion of the Qualifying Loan. Madison will promptly supply to the Borrower, the Loan Manager and the Administrative Manager any other information in respect of such Qualifying Loan reasonably requested by the Borrower, the Loan Manager and/or the Administrative Manager that is in the possession of Madison or is reasonably obtainable without expense. In connection with the delivery of such information, Madison may request that the Borrower, the Loan Manager or the Administrative Manager enter into any confidentiality restrictions to which Madison is subject or that are reasonable under the circumstances.

With limited exceptions relating to Consent Loans, as described below, the Borrower (except through the Loan Manager as provided in the immediately following sentence) and the Administrative Manager shall have no consent rights regarding the acquisition by the Loan Manager on behalf of the Borrower of any Qualifying Loan or portion thereof offered by Madison to the Borrower. The Loan Manager on behalf of the Borrower shall determine whether or not the Borrower will acquire any portion of any such offered Qualifying Loan in accordance with the provisions of the Loan Agreement and any other Transaction Documents applicable thereto; provided, however, that if such Qualifying Loan is a Consent Loan (as defined below), the Loan Manager on behalf of the Borrower shall not acquire any such Consent Loan without the prior written consent thereto of the Administrative Manager on behalf of the Borrower as described below.

A "Consent Loan" is any Qualifying Loan (i) that is not an add-on to an existing Qualifying Loan that is owned jointly by the Borrower, on the one hand, and OFS Capital Management, LLC or an affiliated person thereof other than OFS Capital or a company controlled by OFS Capital, on the other hand (a "Non-BDC Affiliate"), such that transactions involving such Qualifying Loan might reasonably be expected, without first obtaining satisfactory relief under section 57(c) of the Investment Company Act of 1940 (as amended, the "1940 Act") from the Securities and Exchange Commission (the "SEC"), to constitute a transaction prohibited under section 57 of the 1940 Act, and (ii) with respect to which OFS Capital Management, LLC or any affiliated person thereof is *not* committed or committing to

purchase for a Non-BDC Affiliate without having obtained satisfactory exemptive relief under section 57(c) of the 1940 Act from the SEC.

Within two (2) business days after receipt of any Notice of Purchase Contemplation, the Administrative Manager shall provide written notice (a "Consent Loan Notice") to Madison and the Loan Manager indicating whether the offered Qualifying Loan is a Consent Loan and, if so, such Consent Loan Notice shall also specify whether or not the Administrative Manager, on behalf of the Borrower, consents to the acquisition of such offered Qualifying Loan and, if it so consents, the amount thereof that the Loan Manager may acquire on behalf of the Borrower. If, within such two (2) business day period: (i) the Loan Manager has received a Consent Loan Notice indicating that such Qualifying Loan is not a Consent Loan, the Loan Manager, on behalf of the Borrower, may enter into a commitment to purchase the offered Qualifying Loan or a portion thereof in accordance with the Loan Agreement and any other Transaction Documents applicable thereto; (ii) the Loan Manager has received a Consent Loan Notice indicating that such Qualifying Loan is a Consent Loan, and has received the written consent of the Administrative Manager to purchase a specified amount thereof, the Loan Manager, on behalf of the Borrower, shall purchase such specified amount of such offered Qualifying Loan in accordance with the Loan Agreement and any other Transaction Documents applicable thereto; or (iii) the Loan Manager has received a Consent Loan Notice indicating that such Qualifying Loan is a Consent Loan, and the Administrative Agent has not consented therein to the purchase of any portion of such offered Qualifying Loan, the Loan Manager, on behalf of the Borrower, shall not purchase or enter into any commitment to purchase such offered Qualifying Loan unless and until such time, if any, as Madison issues another Notice of Purchase Contemplation as provided herein and the Loan Manager receives the consent of the Administrative Manager to the purchase as provided in clause (ii) hereof.

If the Administrative Manager on behalf of the Borrower consents to the acquisition of such Qualifying Loan or the Loan Manager has received a Consent Loan Notice indicating that such Qualifying Loan is not a Consent Loan, the Borrower shall in all respects be obligated to effect such purchase and, in respect thereof, the Loan Manager, on behalf of the Borrower, shall promptly execute and/or deliver to Madison or the administrative agent or the selling lender in respect of such Qualifying Loan any relevant commitment, purchase, assignment and other documentation and any other information as is customary or required in order to evidence such commitment and effectuate the assignment of such Qualifying Loan to the Borrower; it being understood and agreed that, in the event the credit facilities related to such Qualifying Loan have not closed, such sales and assignments hereunder are subject to the closing of the related credit facilities.

2. The Loan Manager will notify the Borrower and the Administrative Manager of any Loan or other asset of the Borrower it desires to sell on behalf of the Borrower at least two (2) Business Days prior to Borrower's commitment to sell or sale of such asset, which notice will be accompanied by the internal sale approval memoranda produced by the Loan Manager in respect of the sale of such asset and any other information the Loan Manager deems relevant along with a justification for such sale ("Notice of Sale Contemplation"). The Loan Manager will promptly supply to the Borrower and the Administrative Manager any additional information with respect to such sale requested by the Borrower and/or the Administrative Manager that is in the possession of the Loan Manager or is reasonably obtainable without expense.

With limited exceptions relating to Consent Assets (as defined below), the Borrower (except through the Loan Manager as provided in the immediately following sentence) and the Administrative Manager shall have no consent rights regarding the sale by the Loan Manager on behalf of the Borrower of any Loan or other asset proposed by the Loan Manager to be sold. The Loan Manager on behalf of the Borrower shall determine whether or not the Borrower will sell any Loan or other asset in accordance with the provisions of the Loan Agreement and any other Transaction Documents applicable thereto; provided, however, that if such Loan or other asset is a Consent Asset, the Loan Manager on behalf of the Borrower shall not sell any such Consent Asset without the prior written consent thereto of the Administrative Manager on behalf of the Borrower as described below (such consent not to be unreasonably withheld or conditioned if such Consent Asset was sold by OFS Capital to the Borrower); provided, further, that if any such asset is an Equity Security, the Loan Manager may delegate the determination of whether or not the Borrower will sell such Equity Security to New York Life Investment Management LLC or any Affiliate thereof that is a registered investment adviser.

A "Consent Asset" is any Loan or other asset of the Borrower that is not owned jointly by the Borrower, on the one hand, and a Non-BDC Affiliate, on the other hand, such that transactions involving such Loan or other asset might reasonably be expected, without first obtaining satisfactory relief under section 57(c) of the 1940 Act from the SEC, to constitute a transaction prohibited under section 57 of the 1940 Act.

Within two (2) business days after receipt of any Notice of Sale Contemplation, the Administrative Manager shall provide written notice (a "Consent Asset Notice") to the Loan Manager indicating whether the Loan or other asset is a Consent Asset and, if so, such Consent Asset Notice shall also specify whether or not the Administrative Manager, on behalf of the Borrower, consents to the sale of such Consent Asset and, if it so consents, the amount of the Consent Asset that may be sold by the Loan Manager on behalf of the Borrower. If, within such two (2) business day period: (i) the Loan Manager has received a Consent Asset Notice indicating that such Qualifying Loan is not a Consent Asset, the Loan Manager, on behalf of the Borrower, may sell or enter into a commitment to sell the Loan or other asset in accordance with the Loan Agreement and any other Transaction Documents applicable thereto; (ii) the Loan Manager has received a Consent Asset Notice indicating that such Loan or asset is a Consent Asset, and has received the written consent of the Administrative Manager to sell a specified amount thereof, the Loan Manager, on behalf of the Borrower, shall sell such specified amount in accordance with the Loan Agreement and any other Transaction Documents applicable thereto; or (iii) the Loan Manager has received a Consent Asset Notice indicating that such Loan or asset is a Consent Asset, and the Administrative Agent has not consented therein to the sale of any portion of such Loan or other asset, the Loan Manager, on behalf of the Borrower, shall not sell or enter into any commitment to sell such Loan or other asset unless and until such time, if any, as the Loan Manager issues another Notice of Sale Contemplation as provided herein and receives the consent of the Administrative Manager to the sale as provided in clause (ii) hereof.

3. This letter agreement shall terminate on the earlier of (i) termination of the Loan Agreement or (ii) an Affiliate of Madison ceasing to act as Loan Manager under the Loan Agreement.

4. Notices to the parties shall be given and deemed received as provided for in the Transaction Documents. Notices to the Administrative Manager shall be given and deemed received as provided for in the Transaction Documents at the following address:

2850 West Golf Road, 5th Floor
Rolling Meadows, Illinois 60008
Attn: Jeff A. Cerny
Fax: (847) 734-7910
Email: jcerny@ofscapital.com

with a copy to:

Orchard First Source Capital, Inc.
515 Madison Ave, 41st Floor
New York, New York 10022
Attn: Glen E. Ostrander
Fax: (646) 652-8479
Email: gostrander@ofscapital.com

5. This letter agreement is binding on and enforceable against the parties hereto notwithstanding any contrary provisions in the Transaction Documents, and in the event of a conflict between the provisions of this letter agreement and such other agreements or documents, the provisions of this letter agreement shall control so long as no default is thereby created under the Transaction Documents. The provisions of this letter agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York without reference to conflicts of law principles thereof. This letter agreement may be executed in multiple counterparts which, taken together, shall constitute one and the same agreement. Delivery of an executed counterpart hereof by facsimile or other electronic transmission shall constitute effective delivery of an executed counterpart hereof. No amendment, waiver or other modification of this letter agreement shall be effective unless signed by the parties hereto. This letter agreement shall be binding upon the parties hereto and their respective successors and permitted assigns. This letter agreement may not be assigned by any party without the prior written consent of the other parties hereto. Neither the rights of the Borrower or the Administrative Manager on behalf of the Borrower under this letter agreement shall constitute any part of the Collateral under the Loan Agreement. No third party is intended to be a beneficiary hereof.

[signature pages follow]

IN WITNESS WHEREOF, the parties below hereby agree to the terms of this Letter Agreement as of the date first above written.

OFS CAPITAL, LLC

By: Orchard First Source Asset Management, LLC, its manager

By: Orchard First Source Capital, Inc., its managing member

By: /s/ Glenn R. Pittson
Name: Glenn R. Pittson
Title: President

OFS CAPITAL WM, LLC

By: OFS Capital, LLC, its administrative manager

By: Orchard First Source Asset Management, LLC, its manager

By: Orchard First Source Capital, Inc., its managing member

By: /s/ Glenn R. Pittson
Name: Glenn R. Pittson
Title: President

MADISON CAPITAL FUNDING LLC

By: /s/ Joshua Niedner
Name: Joshua Niedner
Title: Senior Vice President

MCF CAPITAL MANAGEMENT LLC

By: Madison Capital Funding LLC, its sole member

By: /s/ Joshua Niedner
Name: Joshua Niedner
Title: Senior Vice President

INDEMNIFICATION AGREEMENT

THIS Agreement ("Agreement") is made and entered into as of , 2011 between OFS CAPITAL CORPORATION, a Delaware corporation (the "Company"), and ("Indemnitee").

W I T N E S S E T H:

WHEREAS, highly competent persons have become more reluctant to serve corporations as directors, officers or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board of Directors of the Company (the "Board") has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The Bylaws and Certificate of Incorporation of the Company require indemnification of the directors and officers of the Company. Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware ("DGCL"). The DGCL expressly provides that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the Board, officers and other persons with respect to indemnification;

WHEREAS, the uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Bylaws and Certificate of Incorporation of the Company and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee does not regard the protection available under the Company's Bylaws, Certificate of Incorporation and insurance as adequate in the present circumstances, and may not be willing to serve as a director or officer without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that he or she be so indemnified.

NOW, THEREFORE, in consideration of Indemnitee's agreement to serve as a director and/or officer from and after the date hereof and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Indemnity of Indemnitee. The Company hereby agrees to hold harmless and indemnify Indemnitee to the fullest extent permitted by law, as such may be amended from time to time. In furtherance of the foregoing indemnification, and without limiting the generality thereof:

(a) Proceedings Other Than Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section l(a) if, by reason of his or her Corporate Status (as hereinafter defined), Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding (as hereinafter defined) other than a Proceeding by or in the right of the Company. Pursuant to this Section 1(a), Indemnitee shall be indemnified against all Expenses (as hereinafter defined), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or her, or on his or her behalf, in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal Proceeding, had no reasonable cause to believe Indemnitee's conduct was unlawful.

(b) Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 1(b) if, by reason of his or her Corporate Status, Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding brought by or in the right of the Company. Pursuant to this Section 1(b), Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee, or on Indemnitee's behalf, in connection with such Proceeding if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company; provided, however, if applicable law so provides, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which Indemnitee shall have been adjudged to be liable to the Company unless and to the extent that the Court of Chancery of the State of Delaware shall determine that such indemnification may be made.

(c) Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his or her Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, he or she shall be indemnified to the maximum extent permitted by law, as such may be amended from time to time, against all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection therewith. If Indemnitee is not

wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section 1(c) and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

2. Additional Indemnity. In addition to, and without regard to any limitations on, the indemnification provided for in Section 1 of this Agreement, the Company shall and hereby does indemnify and hold harmless Indemnitee against all Expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or her or on his or her behalf if, by reason of his or her Corporate Status, he or she is, or is threatened to be made, a party to or participant in any Proceeding (including a Proceeding by or in the right of the Company), including, without limitation, all liability arising out of the negligence or active or passive wrongdoing of Indemnitee. The only limitation that shall exist upon the Company's obligations pursuant to this Agreement shall be that the Company shall not be obligated to make any payment to Indemnitee that is finally determined (under the procedures, and subject to the presumptions, set forth in Sections 6 and 7 hereof) to be unlawful.

3. Contribution.

(a) Whether or not the indemnification provided in Sections 1 and 2 hereof is available, in respect of any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding), the Company shall pay, in the first instance, the entire amount of any judgment or settlement of such Proceeding without requiring Indemnitee to contribute to such payment and the Company hereby waives and relinquishes any right of contribution it may have against Indemnitee. The Company shall not enter into any settlement of any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee.

(b) Without diminishing or impairing the obligations of the Company set forth in the preceding subparagraph, if, for any reason, Indemnitee shall elect or be required to pay all or any portion of any judgment or settlement in any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding), the Company shall contribute to the amount of Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Indemnitee in proportion to the relative benefits received by the Company and all directors, officers or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such Proceeding), on the one hand, and Indemnitee, on the other hand, from the transaction or events from which such Proceeding arose; provided, however, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of the Company and all directors, officers or employees of the Company other than Indemnitee who are jointly liable with Indemnitee (or would be if joined in such Proceeding), on the one hand, and Indemnitee, on the other hand, in connection with the transaction or events that resulted in such Expenses, judgments, fines or settlement amounts, as well as any other equitable considerations which applicable law may require to be considered. The relative fault of the

Company and all directors, officers or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such Proceeding), on the one hand, and Indemnitee, on the other hand, shall be determined by reference to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary and the degree to which their conduct is active or passive.

(c) The Company hereby agrees to fully indemnify and hold Indemnitee harmless from any claims of contribution which may be brought by directors, officers or employees of the Company, other than Indemnitee, who may be jointly liable with Indemnitee.

(d) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) from which such Proceeding arose; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

4. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his or her Corporate Status, a witness, or is made (or asked) to respond to discovery requests, in any Proceeding to which Indemnitee is not a party, he or she shall be indemnified against all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection therewith.

5. Advancement of Expenses. Notwithstanding any other provision of this Agreement, the Company shall advance all Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding by reason of Indemnitee's Corporate Status within thirty (30) days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by a written undertaking by or on behalf of Indemnitee to repay any Expenses advanced if it shall ultimately be determined that Indemnitee is not entitled to be indemnified against such Expenses. Any advances and undertakings to repay pursuant to this Section 5 shall be unsecured and interest free.

6. Procedures and Presumptions for Determination of Entitlement to Indemnification. It is the intent of this Agreement to secure for Indemnitee rights of indemnity that are as favorable as may be permitted under the Investment Company Act, the DGCL and public policy of the State of Delaware. Accordingly, the parties agree that the following procedures and presumptions shall apply in the event of any question as to whether Indemnitee is entitled to indemnification under this Agreement:

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification. Notwithstanding the foregoing, any failure of Indemnitee to provide such a request to the Company, or to provide such a request in a timely fashion, shall not relieve the Company of any liability that it may have to Indemnitee unless, and to the extent that, such failure actually and materially prejudices the interests of the Company.

(b) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 6(a) hereof, a determination with respect to Indemnitee's entitlement thereto shall be made in the specific case by one of the following four methods, which shall be at the election of the Board: (i) if a Change in Control (as hereinafter defined) shall have occurred, by Independent Counsel (as hereinafter defined) in a written opinion to the Board, a copy of which shall be delivered to Indemnitee; or (ii) if a Change in Control shall not have occurred, (A) by a majority vote of the Disinterested Directors (as hereinafter defined), even though less than a quorum, (B) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum, (C) if there are no Disinterested Directors or if the Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee, or (D) if so directed by the Board, by the stockholders of the Company.

(c) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 6(b) hereof, the Independent Counsel shall be selected as provided in this Section 6(c). The Independent Counsel shall be selected by the Board. Indemnitee may, within ten (10) days after such written notice of selection shall have been given, deliver to the Company a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" (as hereinafter defined), and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If a written objection is made and substantiated, the Independent Counsel selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within twenty (20) days after submission by Indemnitee of a written request for indemnification pursuant to Section 6(a) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition the Court of Chancery of the State of Delaware or other court of competent jurisdiction for resolution of any objection which shall have been made by Indemnitee to the Company's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 6(b) hereof. The Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to Section 6(b) hereof, and the Company shall pay all reasonable fees and expenses incident to

the procedures of this Section 6(c), regardless of the manner in which such Independent Counsel was selected or appointed.

(d) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(e) Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise (as hereinafter defined), including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. In addition, the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. Whether or not the foregoing provisions of this Section 6(e) are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(f) If the person, persons or entity empowered or selected under Section 6 hereof to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making such determination with respect to entitlement to indemnification in good faith requires such additional time to obtain or evaluate documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 6(g) shall not apply if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 6(b) of this Agreement and if (i) within fifteen (15) days after receipt by the Company of the request for such determination, the Board or the Disinterested Directors, if appropriate, resolve to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within seventy-five (75) days after such receipt and such determination is made thereat, or (ii) a special meeting of stockholders is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held

for such purpose within sixty (60) days after having been so called and such determination is made thereat.

(g) Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Independent Counsel, member of the Board or stockholder of the Company shall act reasonably and in good faith in making a determination regarding Indemnitee's entitlement to indemnification under this Agreement. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(h) The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any Proceeding to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such Proceeding with or without payment of money or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise in such Proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(i) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his or her conduct was unlawful.

7. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 6 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 6 of this Agreement, (iii) no determination of entitlement to indemnification is made pursuant to Section 6(b) of this Agreement within ninety (90) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to this Agreement within ten (10) days after receipt by the Company of a written request therefor or (v) payment of indemnification is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 6 of this Agreement, Indemnitee shall be entitled to an adjudication in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction, of Indemnitee's entitlement to such indemnification. Indemnitee shall commence such proceeding

seeking an adjudication within one hundred and eighty (180) days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 7(a). The Company shall not oppose Indemnitee's right to seek any such adjudication.

(b) In the event that a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 7 shall be conducted in all respects as a de novo trial on the merits, and Indemnitee shall not be prejudiced by reason of the adverse determination under Section 6(b) of this Agreement.

(c) If a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 7, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's misstatement not materially misleading in connection with the application for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) In the event that Indemnitee, pursuant to this Section 7, seeks a judicial adjudication of his or her rights under, or to recover damages for breach of, this Agreement, or to recover under any directors' and officers' liability insurance policies maintained by the Company, the Company shall pay on his or her behalf, in advance, any and all expenses (of the types described in the definition of Expenses in Section 14 of this Agreement) actually and reasonably incurred by him or her in such judicial adjudication, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of expenses or insurance recovery.

(e) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 7 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement. The Company shall indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefore) advance, to the extent not prohibited by law, such expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advance of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of Expenses or insurance recovery, as the case may be.

(f) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

8. Non-Exclusivity; Survival of Rights; Insurance; Primacy of Indemnification; Subrogation.

(a) The rights of indemnification and to receive reimbursement or advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any

other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders, a resolution of directors of the Company or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in the DGCL, whether by statute or judicial decision, permits greater indemnification than would be afforded currently under the Certificate of Incorporation, Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents or fiduciaries of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any director, officer, employee, agent or fiduciary under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has directors' and officers' liability insurance in effect, the Company shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

9. Exception to Right of Indemnification. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of state statutory law or common law; or

(c) in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

10. Investment Company Act Limitations. Notwithstanding anything to the contrary in this Agreement, for so long as the Company is subject to the Investment Company Act of 1940, as amended, and the regulations promulgated thereunder (the "Investment Company Act"), the Company shall not indemnify Indemnitee, or reimburse or advance Expenses to Indemnitee, to the extent such indemnification, reimbursement or advance would violate the Investment Company Act. Without limiting the foregoing, no indemnification shall be made with respect to liability arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of Indemnitee's office.

11. Duration of Agreement. All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is a director or officer of the Company (or is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise) and shall continue thereafter so long as Indemnitee shall be subject to any Proceeding (or any proceeding commenced under Section 7 hereof) by reason of his or her Corporate Status, whether or not he or she is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), assigns, spouses, heirs, executors and personal and legal representatives.

12. Security. To the extent requested by Indemnitee and approved by the Board, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of Indemnitee.

13. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumes the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director or officer of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

(c) The Company shall not seek from a court, or agree to, a "bar order" which would have the effect of prohibiting or limiting Indemnitee's rights to receive advancement of expenses under this Agreement.

14. Definitions. For purposes of this Agreement:

(a) A "Change in Control" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(i) Acquisition of Stock by Third Party. Any Person (as defined below) is or becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing [fifteen percent (15%)] or more of the combined voting power of the Company's then outstanding securities entitled to vote generally in the election of directors, unless such acquisition was approved in advance by the Continuing Directors (as defined below) and such acquisition would not constitute a Change of Control under part (iii) of this definition;

(ii) Change in Board. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 14(a)(i), 14(a)(iii) or 14(a)(iv)) hereof whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved (collectively, the "Continuing Directors"), cease for any reason to constitute a least a majority of the members of the Board;

(iii) Corporate Transactions. The effective date of a merger or consolidation of the Company with any other entity (a "Business Combination"), unless, following such Business Combination, (1) the voting securities of the Company outstanding immediately prior to such Business Combination continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than fifty-one percent (51%) of the combined voting power of the voting securities of the surviving entity outstanding immediately after such Business

Combination and with the power to elect at least a majority of the Board or other governing body of such surviving entity (where "surviving entity" includes, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more Subsidiaries); and (2) no Person (excluding any corporation resulting from such Business Combination) is the Beneficial Owner, directly or indirectly, of 15% or more of the combined voting power of the then outstanding securities entitled to vote generally in the election of directors of such corporation except to the extent that such ownership existed prior to the Business Combination.

(iv) Liquidation. The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; and

(v) Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined below), whether or not the Company is then subject to such reporting requirement.

For purposes of this Section 14(a), the following terms shall have the following meanings:

(A) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(B) "Person" shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that Person shall exclude (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(C) "Beneficial Owner" shall have the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner shall exclude any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

(b) "Corporate Status" describes the status of a person who is or was a director, officer, employee, agent or fiduciary of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving at the request of the Company.

(c) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(d) "Enterprise" shall mean the Company and any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that Indemnitee is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary.

(e) "Expenses" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding [and any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement], including, without limitation, the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(f) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(g) "Proceeding" includes any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other threatened, pending or completed proceeding, including, without limitation, any and all appeals, whether brought by or in the right of the Company or otherwise and whether civil, criminal, administrative or investigative, in which Indemnitee is, was or will be involved as a party or otherwise, by reason of his or her Corporate Status, by reason of any action taken by him or her or of any inaction on his or her part while acting in his or her Corporate Status, in each case whether or not he or she is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification or reimbursement or advancement of expenses can be provided under this Agreement, including one pending on or before the date of this Agreement.

15. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision. Without limiting the generality of the foregoing, this Agreement is intended to confer upon Indemnitee indemnification rights to the fullest extent permitted by applicable laws. In the event any provision hereof conflicts with any applicable law, such provision shall be deemed modified, consistent with the aforementioned intent, to the extent necessary to resolve such conflict.

16. Modification and Waiver. No supplement, modification, termination or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of this Agreement shall be binding unless executed in writing by the party against whom it is to operate. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

17. Notice By Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with or otherwise receiving any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification covered hereunder. The failure to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise unless and only to the extent that such failure or delay materially prejudices the Company.

18. Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified; (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day; (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent:

(a) To Indemnitee at the address set forth below Indemnitee signature hereto.

(b) To the Company at:

OFS Capital Corporation
2850 West Golf Road, 5th Floor
Rolling Meadows, Illinois 60008
Telephone No.: (847) 734-7905
Fax No.: (847) 734-7911
Attention: Jeffrey A. Cerny

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

19. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. This Agreement may also be executed and delivered by facsimile signature and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

20. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

21. Governing Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chancery Court of the State of Delaware (the "Delaware Court"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (iv) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

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IN WITNESS WHEREOF, the parties hereto have executed this Indemnification Agreement on and as of the date first written above.

OFS CAPITAL CORPORATION

By: _____
Name: _____
Title: _____

INDEMNITEE

_____
Name: _____

Address:

_____
_____
_____
_____

Exhibit (n)(1)

Consent of Independent Registered Public Accounting Firm

We consent to the use in this Pre-Effective Amendment No. 3 to Registration Statement (No. 333-166363) on Form N-2 of OFS Capital, LLC of our reports dated March 15, 2011 and March 16, 2011, relating to our audits of the consolidated financial statements of OFS Capital, LLC and Subsidiaries and the financial statements of OFS Capital WM, LLC, respectively, appearing in the Prospectus, which is part of such Registration Statement.

We also consent to the reference of our firm under the caption “Independent Registered Public Accounting Firm” in such Prospectus.

/s/ McGladrey & Pullen, LLP

Chicago, Illinois
March 17, 2011

Exhibit (n)(5)

CONSENT OF DUFF & PHELPS, LLC

We hereby consent to the inclusion of references to our firm and the limited valuation procedures our firm completed with respect to certain portfolio assets of OFS Capital LLC for which no market quotations were available, in this Pre-Effective Amendment No. 3 to Registration Statement (No. 333-166363) on Form N-2 of OFS Capital LLC filed on March 17, 2011 (the "Registration Statement") in the section of such Registration Statement entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations". By giving such consent we do not thereby admit that we are experts with respect to any part of such Registration Statement within the meaning of the term "expert" as used in, or that we come within the category of persons whose consent is required under, the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission promulgated.

/s/ Duff & Phelps, LLC

Duff & Phelps, LLC
March 17, 2011

OFS CAPITAL MANAGEMENT, LLC
OFS CAPITAL CORPORATION

CODE OF ETHICS AND SECURITIES TRADING POLICY

I. INTRODUCTION

OFS Capital Management, LLC (the **"Adviser"**) seeks to foster and maintain a reputation for honesty, integrity and professionalism. That reputation is a vital business asset. The confidence and trust placed in Adviser are highly valued and must be protected. Adviser has adopted this Code of Ethics (the **"Code"**) in accordance with Rules 204A-1 under the Investment Advisers Act of 1940 and Rule 17j-l under the Investment Company Act of 1940, as amended. The Code includes Adviser's policy with respect to personal investment and trading and its insider trading policy and procedures. OFS Capital Corporation (the **"BDC"**) has similarly and jointly adopted this Code of Ethics. Thus, this Code of Ethics is applicable to all employees of the Adviser and the BDC (collectively **"OFS Capital"**).

II. DEFINITIONS

A. Access Person. The term **"Access Person**" means (i) any Supervised Person who (1) has access to nonpublic information regarding a Client's purchase or sale of securities; (2) has access to nonpublic information regarding the portfolio holdings of any Reportable Fund; and/or (3) is involved in making securities recommendations to Clients or who has access to such recommendations that are nonpublic and (ii) all of the directors, officers, employees, members or partners of OFS Capital. By way of example, Access Persons include portfolio management personnel and service representatives who communicate investment advice to Clients. Administrative, technical, and clerical personnel may also be Access Persons if their functions or duties provide them with access to nonpublic information.

B. Advisers Act. The term "**Advisers Act**" means the Investment Advisers Act of 1940, as amended.

C. Automatic Investment Plan. An "**Automatic Investment Plan**" is a program in which regular periodic purchases or withdrawals are made automatically in or from investment accounts according to a predetermined schedule and allocation. An Automatic Investment Plan includes a dividend reinvestment plan.

D. Beneficial Ownership. You will be considered to have "**Beneficial Ownership**" in a Security if: (i) you have a Pecuniary Interest in the Security; (ii) you have voting power with respect to the Security, meaning the power to vote or direct the voting of the Security; or (iii) you have the power to dispose, or direct the disposition of, the Security. If you have any question

about whether an interest in a Security or an account constitutes Beneficial Ownership of that Security, you should contact a Compliance Officer.

E. Chief Compliance Officer. The "**Chief Compliance Officer**" is the Access Person designated respectively by Adviser and BDC for each entity respectively as such.

F. Client. The term "**Client**" means any investment entity or account advised or managed or subadvised by Adviser, including any pooled investment vehicle advised or subadvised by Adviser.

G. Commission. The term "**Commission**" means the United States Securities and Exchange Commission.

H. Compliance Officer. The term **"Compliance Officer"** shall mean an Access Person deemed by OFS Capital to be sufficiently experienced to perform senior-level compliance functions, and shall include the Chief Compliance Officer.

I. Exchange Act. The term "**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

J. Federal Securities Laws. The term "**Federal Securities Laws**" means the Securities Act, the Exchange Act, the Sarbanes-Oxley Act of 2002, the Investment Company Act, the Advisers Act, Title V of the Gramm-Leach-Bliley Act, any rules adopted by the Commission under any of these statutes, the Bank Secrecy Act as it applies to funds and investment advisers, and any rules adopted under the Bank Secrecy Act by the Commission or the Department of the Treasury.

K. Immediate Family. The term "**Immediate Family**" includes a Supervised Person's child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and includes any adoptive relationship.

L. Index Securities. The term "**Index Securities**" means exchange-traded funds and derivatives based on broad-based indices.

M. Initial Public Offering. The term "**Initial Public Offering**" means an offering of securities registered under the Securities Act, the issuer of which, immediately before the registration, was not subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act.

N. Investment Company Act. The term "**Investment Company Act**" means the Investment Company Act of 1940, as amended.

O. Non-Reportable Securities. The term "**Non-Reportable Securities**" means: (i) direct obligations of the U.S. Government; (ii) bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments (defined as any instrument that has a maturity at issuance of less than 366 days and that is rated in one of the two highest rating categories by a Nationally Recognized Statistical Rating Organization), including

repurchase agreements; (iii) shares issued by money market funds; (iv) shares issued by open-end funds registered under the Investment Company Act, other than Reportable Funds; and (v) shares issued by unit investment trusts that are invested exclusively in one or more open-end funds, none of which are Reportable Funds.

P. Pecuniary Interest. You will be considered to have a "**Pecuniary Interest**" in a Security if you, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, have the opportunity, directly or indirectly, to profit or share in any profit derived from a transaction in the Security. The term "Pecuniary Interest" is construed very broadly. The following examples illustrate this principle: (i) ordinarily, you will be deemed to have a "Pecuniary Interest" in all Securities owned by members of your Immediate Family who share the same household with you; (ii) if you are a general partner of a general or limited partnership, you will be deemed to have a "Pecuniary Interest" in all Securities held by the partnership; (iii) if you are a shareholder of a corporation or similar business entity, you will be deemed to have a "Pecuniary Interest" in all Securities held by the corporation if you are a controlling shareholder or have or share investment control over the corporation's investment portfolio; (iv) if you have the right to acquire equity Securities through the exercise or conversion of a derivative Security, you will be deemed to have a Pecuniary Interest in the Securities, whether or not your right is presently exercisable; (v) if you are the sole member or a manager of a limited liability company, you will be deemed to have a Pecuniary Interest in the Securities held by the limited liability company; and (vi) ordinarily, if you are a trustee or beneficiary of a trust, where either you or members of your Immediate Family have a vested interest in the principal or income of the trust, you will be deemed to have a Pecuniary Interest in all Securities held by that trust. If you have any question about whether an interest in a Security or an account constitutes a Pecuniary Interest, you should contact the Chief Compliance Officer.

Q. Reportable Fund. The term "**Reportable Fund**" means (i) any fund for which Adviser serves as investment adviser; or (ii) any fund whose investment adviser or principal underwriter controls Adviser, is controlled by Adviser, or is under common control with Adviser. As used in this definition, the term control has the same meaning as it does in Section 2(a)(9) of the Investment Company Act.

R. Reportable Security. The term "**Reportable Security**" includes all Securities (including Index Securities) other than Non-Reportable Securities.

S. Restricted List. The "**Restricted List**" is a list maintained by the Chief Compliance Officer and will include the name of any company, whether or not a client of Adviser, as to which one or more individuals at Adviser has a fiduciary relationship or may have material information which has not been publicly disclosed. No Supervised Person may trade in Securities on the Restricted List, whether for his own account or for the account of a Client.

T. Securities Act. The term "**Securities Act**" means the Securities Act of 1933, as amended.

U. Security. The term "**Security**" has the same meaning as it has in section 202(a)(18) of the Advisers Act. For purposes of this Code, the following are Securities:

> Any note, stock, treasury stock, security future, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, any put, call, straddle, option or privilege on any security (including a certificate of deposit) or on any group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option or privilege entered into on a national securities exchange relating to foreign currency, or, in general, any interest or instrument commonly known as a security, or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any security.

The following are **not** Securities:

> Commodities, futures and options traded on a commodities exchange, including currency futures, except that (i) options on any group or index of Securities and (ii) futures on any group or narrow-based index of Securities are Securities.
>
> You should note that "**Security**" includes a right to acquire a Security, as well as an interest in a collective investment vehicle (such as a limited partnership or limited liability company).

V. Supervised Person. The term "**Supervised Person**" means (i) any partner, member, officer or director of OFS Capital, or other person occupying a similar status or performing similar function; (ii) any employee of OFS Capital; (iii) any U.S. consultant who has been contracted by OFS Capital for more than ninety (90) days; and (iv) any other person who provides advice on behalf of OFS Capital and is subject to OFS Capital's supervision and control.

III. PERSONAL INVESTMENT AND TRADING POLICY

A. General Statement

OFS Capital is committed to maintaining the highest standard of business conduct.

OFS Capital and its Supervised Persons must not act or behave in any manner or engage in any activity that (1) involves or creates even the suspicion or appearance of the misuse of material, nonpublic information by OFS Capital or any Supervised Person or (2) gives rise to, or appears to give rise to, any breach of fiduciary duty owed to any Client or investor.

In addition, the Federal Securities Laws require that investment advisers maintain a record of every transaction in any Security, with certain exceptions, as described below, in which any Access Person acquires or disposes of Beneficial Ownership where the Security is or was held in an account over which the Access Person has direct or indirect influence or control. Given the current size of its operations, OFS Capital has chosen to require reporting of transactions, as well as pre-approval of certain transactions, for all Supervised Persons, rather than only Access Persons.

OFS Capital has developed the following policies and procedures relating to personal trading in Securities and the reporting of such personal trading in Securities in order to ensure that each Supervised Person satisfies the requirements of this Code.

B. Requirements of this Code

1. Duty to Comply with Applicable Laws.

All Supervised Persons are required to comply with the Federal Securities Laws, the fiduciary duty owed by Adviser to its Clients, as applicable, and this Code.

2. Duty to Report Violations.

Each Supervised Person is required by law to promptly notify the Chief Compliance Officer or designee in the event he or she knows or has reason to believe that he or she or any other Supervised Person has violated any provision of this Code. If a Supervised Person knows or has reason to believe that the Chief Compliance Officer has violated any provision of this Code, the Supervised Person must promptly notify the Chief Financial Officer and is not required to notify the Chief Compliance Officer.

OFS Capital is committed to fostering a culture of compliance. OFS Capital therefore urges you to contact the Chief Compliance Officer or designee if you have any questions regarding compliance. You will not be penalized and your status at OFS Capital will not be jeopardized by communicating with the Chief Compliance Officer. Reports of violations or a suspected violations also may be submitted anonymously to the Chief Compliance Officer or designee. Any retaliatory action taken against any person who in good faith reports a violation or a suspected violation of this Code is itself a violation of this Code and cause for appropriate corrective action, including dismissal.

3. Duty to Provide Copy of the Code of Ethics and Related Certification.

OFS Capital will provide all Supervised Persons with a copy of this Code and all subsequent amendments. By law, all Supervised Persons must in turn provide written acknowledgement to the Chief Compliance Officer or designee of their initial receipt and review of this Code, their annual review of this Code and their receipt and review of any subsequent amendments to this Code.

C. Restrictions on Supervised Persons Trading in Securities

1. General Statement.

No Supervised Person may engage in a transaction in a Security, which includes an interest in a collective investment vehicle, that is also the subject of a transaction by a Client if the Supervised Person's transaction would disadvantage or appear to disadvantage the Client or if the Supervised Person would profit from or appear to profit from the transaction, whether or not at the expense of the Client. The following specific restrictions apply to all trading activity by Supervised Persons:

(a) No Supervised Person may engage in any purchases of a Reportable Security other than an Index Security. Any transaction in an Index Security will be permitted only in compliance with the reporting requirements of this Code. Sales of Reportable Securities other than Index Securities will be permitted only in compliance with the reporting and preclearance requirements of this Code.

(b) Any transaction in a Security in anticipation of an order from or on behalf of a Client, also known as "front running," is prohibited.

(c) Any transaction in a Security included on the Restricted List of issuers maintained by OFS Capital is prohibited. The Restricted List is maintained by the Chief Compliance Officer and his or her designees. The Chief Compliance Officer or such other Compliance Officer as may be designated shall be responsible for: (i) determining whether any security identified by a Supervised Person should be included on the Restricted List; (ii) determining when securities should be removed from the Restricted List; and (iii) ensuring that securities are added to and removed from the Restricted List, as appropriate. The Restricted List shall be reviewed by the Chief Compliance Officer or designee at least quarterly.

(d) Any transaction in a Security which the Supervised Person knows or has reason to believe is being purchased or sold, or is being considered for purchase or sale, by or on behalf of a Client is prohibited until the Client's transaction has been completed or consideration of the transaction is abandoned. A Security is "being considered for purchase or sale" the earlier of when a recommendation to purchase or sell has been made and communicated or the Security is placed on Adviser's research project lists and, with respect to the person making the recommendation, when the person seriously considers making such a recommendation.

(e) Any transaction in a Security during the period which begins three days before and ends three days after any Client has traded in that Security is prohibited, unless approved by a Compliance Officer.

(f) Any transaction in a Security on the same day in which any Client has a pending or actual transaction is prohibited, unless approved by a Compliance Officer.

(g) Personal account trading must be done on the Supervised Person's own time without placing undue burden on OFS Capital's time.

(h) No trades should be undertaken which are beyond the financial resources of the Supervised Person.

(i) Except in extraordinary circumstances, no transaction will be permitted if the Securities purchased are expected to have less than a thirty-day holding period or if they are seen as presently or potentially part of a Client strategy.

(j) There is a presumption that a Supervised Person can exert some measure of influence or control over accounts held by members of such person's Immediate Family sharing the same household. Therefore, transactions by immediate family sharing the same household are subject to the policies herein. A Supervised Person may rebut this presumption by presenting convincing evidence, in writing, to the Chief Compliance Officer and request an exemption to the policies herein. All exemptions must be approved by the Chief Compliance Officer, in writing.

2. All Sales of Reportable Securities, other than (i) Exempt Transactions described below in Section 4 or (ii) sales of Index Securities, must be pre-cleared by the Compliance Office under Section 5(b) below.

3. Use of Broker-Dealers and Brokerage Accounts.

(a) You may not engage, and you may not permit any other person or entity to engage, in any purchase or sale of publicly traded Reportable Securities of which you have, or by reason of the transaction will acquire, Beneficial Ownership, except through a registered broker-dealer or registered investment advisor.

(b) You must provide written notice to a Compliance Officer of your opening of an account with a bank, advisor or broker through which you have the ability to purchase or sell Securities promptly after opening the account, and in any event before the first order for the purchase or sale of a Security is placed in the account. A Compliance Officer will then ask you to complete and sign a written notice to the broker or bank, (the forms of which are attached as Appendix IV and Appendix V hereto) which discloses your affiliation with Adviser and request that copies of trade confirmations and statements be sent to the Chief Compliance Officer. A Compliance Officer will execute this notice on behalf of OFS Capital and transmit it to the broker.

4. The following are Exempt Transactions that do not require preclearance by a Compliance Officer:

(a) Any transaction in Securities in an account over which a Supervised Person does not have any direct or indirect influence or control (such as a fully discretionary managed account through a registered investment advisor).

(b) Purchases of Securities under Automatic Investment Plans (such as an employee sponsored 401K).

(c) Purchases of Securities by exercise of rights issued to the holders of a class of Securities pro rata, to the extent they are issued with respect to Securities for which a Supervised Person has Beneficial Ownership.

(d) Acquisitions or dispositions of Securities as the result of a stock dividend, stock split, reverse stock split, merger, consolidation, spin-off or other similar corporate distribution or reorganization applicable to all holders of a class of Securities for which a Supervised Person has Beneficial Ownership.

(e) Such other classes of transactions as may be exempted from time to time by the Chief Compliance Officer based upon a determination that the transactions are unlikely to violate Rule 204A-1 under the Advisers Act.

(f) Such other specific transactions as may be exempted from time to time by the Chief Compliance Officer.

5. Preclearance and Verification Procedures.

The following procedures shall govern all sales of Securities in which a Supervised Person has Beneficial Ownership ("**Supervised Person Sales**") and which are subject to preclearance by a Compliance Officer.

(a) Supervised Person Sales Subject to Preclearance.

A Supervised Person Sale may be disapproved if it is determined by the Chief Compliance Officer or designee that the Supervised Person is unfairly benefiting from, or that the transaction is in conflict with, or appears to be in conflict with, any Client Transaction (as defined below) any of the above-described trading restrictions, or this Code. "**Client Transactions**" include transactions for any Client or any other account managed or advised by any Supervised Person for a fee.

The determination that a Supervised Person may unfairly benefit from, or that a Supervised Person Sale may conflict with or appears to be in conflict with, a Client Transaction will be subjective and individualized, and may include questions about the timely and adequate dissemination of information, availability of bids and offers, and other factors deemed pertinent for that transaction or series of transactions. It is possible that a disapproval of a Supervised Person Sale could be costly to a Supervised Person or members of a Supervised Person's family; therefore, each Supervised Person should take great care to adhere to OFS Capital's trading restrictions and avoid conflicts of interest or the appearance of conflicts of interest.

Any disapproval of a Supervised Person Sale shall be in writing. A Supervised Person may appeal any such disapproval by written notice to the Chief Financial Officer within two business days after receipt of notice of disapproval. The appeal must be resolved promptly by the Chief Financial Officer.

(b) Procedures for Preclearance of Supervised Person Sales.

(i) Supervised Person Sales through Brokers or Banks. Supervised Person Sales through brokers or banks are not permitted except through an account for which the Supervised Person has provided written notice to Adviser, and completed and signed a notice to the broker or bank to be sent by Adviser, in accordance with Section III.C.3(b).

To seek approval of a Supervised Person Sale, the Supervised Person must submit a request, to the Compliance Officer prior to executing each transaction through the broker or bank. The Compliance Officer will notify a Supervised Person within two business days of any conflict and will advise whether the Supervised Person Sale has been cleared.

(ii) Other Transactions. All other Supervised Person Sales must be cleared in writing by the Compliance Officer prior to the Supervised Person's entering into the transaction. If a Supervised Person wishes to engage in such a transaction, he or she must submit a request to the Compliance Officer. The Compliance Officer will notify the Supervised Person within five business days of any conflict and will advise whether the Supervised Person Sale has been cleared.

IV. REPORTING

A. Reports About Securities Holdings and Transactions

Supervised Persons must submit to the Chief Compliance Officer or designee periodic written reports about their Securities holdings, transactions, and accounts, and the Securities of other persons if the Supervised Person has Beneficial Ownership of such Securities and the accounts of other persons if the Supervised Person has direct or indirect influence or control over such accounts. The obligation to submit these reports and the content of these reports are governed by the Federal Securities Laws. The reports are intended to identify conflicts of interest that could arise when a Supervised Person invests in a Security or holds accounts that permit these investments, and to promote compliance with this Code. Adviser is sensitive to privacy concerns and will try not to disclose your reports to anyone unnecessarily. Report forms are attached.

Failure to file a timely, accurate, and complete report is a serious breach of Commission rules and this Code. If a Supervised Person is late in filing a report, or files a report that is misleading or incomplete, the Supervised Person may face sanctions including identification by name to the Chief Compliance Officer, withholding of salary or bonuses, or termination of employment.

1. **Initial Disclosure Reports:** Within ten days after you become a Supervised Person, you must submit to the Chief Compliance Officer or designee a securities accounts report (a form of which is attached as Appendix II thereto) and private investments report (a form of which is attached as Appendix VI thereto) based on information that is current as of a date not more than 45 days prior to the date you become a Supervised Person.

(a) The Initial Report of Securities Accounts contains the following:

(i) The name/title and type of Security, and, as applicable, the exchange ticker symbol or CUSIP number, the number of equity shares and principal amount of each Reportable Security for which you had Beneficial Ownership. You may provide this information by referring to attached copies of broker transaction confirmations or account statements from the applicable recordkeepers that contain the information.

(ii) The name and address of any broker, dealer, or bank or other institution (such as a general partner of a limited partnership, or transfer agent of a company) that maintained any account holding any Securities for which you have Beneficial Ownership, and the account numbers and names of the persons for whom the accounts are held.

(iii) An executed statement (and a letter or other evidence) pursuant to which you have instructed each broker, dealer, bank, or other institution to provide duplicate account statements and confirmations of all Securities transactions, unless Adviser indicates that the information is otherwise available to it. The form of this statement is attached as Appendix IV (for personal accounts) and Appendix V (for related accounts) hereto.

(iv) The date you submitted the report.

(b) The Initial Report of Private Investments contains the following:

(i) A description of all private investments for which you have a Beneficial Ownership, the principal amount of those private investments, the approximate dates of acquisition, and whether the private investments involve or are associated with companies that have publicly traded debt or equity.

(ii) The date you submitted the report.

2. **Quarterly Transaction Report:** Unless, as noted below, the Chief Compliance Officer already receives trade confirmations or account statements for all of your transactions in Reportable Securities, within 30 days after the end of each calendar quarter, you, as a Supervised Person, must submit to the Chief Compliance Officer or designee a transaction report, a form of which is attached as Appendix III hereto, that contains:

(a) With respect to any transaction during the quarter in any Reportable Security in which you had, or as a result of the transaction acquired, Beneficial Ownership of the Reportable Security:

(i) The date of the transaction, the name/title and as applicable, the exchange ticker symbol or CUSIP number, interest rate and maturity date, the number of equity shares of, or the principal amount of debt represented by, and principal amount of each Reportable Security involved;

(ii) The nature of the transaction, i.e., purchase, sale or other type of acquisition or disposition;

(iii) The price at which the transaction in the Reportable Security was effected;

(iv) The name of the broker, dealer, bank, or other institution with or through which the transaction was effected.

(b) The name and address of any broker, dealer, bank, or other institution, such as a general partner of a limited partnership, or transfer agent of a company, that maintained

any account in which any Securities were held during the quarter of which you have Beneficial Ownership, the account numbers and names of the persons for whom the accounts were held, and the date when each account was established.

(c) An executed statement, and a letter or other evidence, pursuant to which you have instructed each broker, dealer, bank, or other institution that has established a new account over which you have direct or indirect influence or control during the past quarter to provide duplicate account statements and confirmations of all Securities transactions to OFS Capital, unless OFS Capital indicates that the information is otherwise available to it. The form of this statement is attached as Appendix IV and Appendix V hereto.

(d) The date that you submitted the report.

*****You need not submit a quarterly transaction report to the Chief Compliance Officer or designee if it would duplicate information contained in trade confirmations or account statements already received by the Chief Compliance Officer or designee, provided that those trade confirmations or statements are received not later than 30 days after the close of the calendar quarter in which the transaction takes place. *****

3. **Annual Employee Certification:** You must, no later than October 15 of each year, submit to the Chief Compliance Officer or designee an Annual Employee Certification, that is current as of a date no earlier than September 1 of the same calendar year (the "**Annual Report Date**") and that contains:

(a) The name and address of any broker, dealer, investment advisor or bank or other institution, such as a general partner of a limited partnership, or transfer agent of a company, that maintained any account holding any Securities for which you have Beneficial Ownership on the Annual Report Date, the account numbers and names of the persons for whom the accounts are held, and the date when each account was established.

(b) A description of any private investments for which you have a Beneficial Ownership on the Annual Report Date, the principal amount of the investment, the approximate date of the acquisition, and whether the private investment involves or is associated with a company that has publicly trade debt or equity.

(c) The date that you submitted the report.

Exception to requirement to list transactions or holdings subject to IV.2 and IV.3(a) above: You are not required to submit (i) holdings or transactions reports for any account over which you had no direct or indirect influence or control (such as a fully discretionary managed account through a registered investment advisor) or (ii) transaction reports with respect to transactions effected pursuant to an Automatic Investment Plan, unless requested by OFS Capital. You must still identify the existence of the account in your list of accounts. Transactions that override pre-set schedules or allocations of an automatic investment plan or trades that are directed by you in a fully discretionary managed account, however, must be included in a quarterly transaction report.

4. Please ask the Chief Compliance Officer if you have questions about the above-described disclosure and transaction reporting requirements.

B. Review of Reports and Other Documents

The Chief Compliance Officer or a designee of the Chief Compliance Officer will review each report submitted by Supervised Persons, and each account statement or confirmation from institutions that maintain their accounts, as promptly as practicable. In any event all Initial Disclosure Reports will be reviewed within 20 business days of receipt, and the review of all timely-submitted Quarterly Transaction Reports will be completed by the end of the quarter in which received. As part of his or her review, the Chief Compliance Officer or his or her designee will confirm that all necessary pre-approvals have been obtained. To ensure adequate scrutiny, documents concerning a member of the Compliance Office will be reviewed by a different member of the Compliance Office, or if there is only one member of the Compliance Office, by the Chief Financial Officer.

A report documenting the above review and any exceptions noted will be prepared by the Chief Compliance Officer and circulated to OFS Capital's senior management within 60 days of the end of the quarter in which the reports were received.

Review of submitted holding and transaction reports will include not only an assessment of whether the Supervised Person followed all required procedures of this Code, such as preclearance, but may also: compare the personal trading to any restricted lists; assess whether the Supervised Person is trading for his or her own account in the same securities he or she is trading for Clients, and, if so, whether the Clients are receiving terms as favorable as the Supervised Person receives; periodically analyze the Supervised Person's trading for patterns that may indicate abuse, including market timing; investigate any substantial disparities between the quality of performance the Supervised Person achieves for his or her own account and that he or she achieves for Clients; and investigate any substantial disparities between the percentage of trades that are profitable when the Supervised Person trades for his or her own account and the percentage that are profitable when he or she places trades for Clients.

V. POLICY ON GIFTS

A. Supervised Persons may not accept gifts from any person in a single year with a value in excess of $100 where such gift or gratuity is in relation to the business of OFS Capital.

B. The Policy does not apply to gifts of *de minimis* value (e.g., pens, notepads, donuts, pizza, modest desk ornaments) or to promotional items of nominal value that display the person's firm logo (e.g., umbrellas, tote bags, shirts). *De minimis* gifts and promotional items must be substantially less than the $100 limit to fall within the exclusion. Gifts valued in amounts greater than or near $25 would *not* be considered *de minimis* or nominal.

C. Regardless of dollar value, Supervised Persons may not accept any gift or entertainment that is inappropriate under the circumstances, or inconsistent with applicable law or regulations, from any person or entity that does business, or desires to do business, with OFS Capital directly or on behalf of a Client.

D. The Policy generally does not apply to personal gifts (e.g., wedding gifts), as long as the gifts are not "in relation to the business of OFS Capital". In determining whether a gift is "in relation to the business of OFS Capital", OFS Capital employees should consider a number of factors, including the nature of any pre-existing personal or family relationship between the person giving the gift and the OFS Capital employee, and if known, whether the person giving the gift paid for the gift themselves or if the person's company directly or indirectly paid for the gift. When the person's employer bears the cost of a gift, either directly or via a reimbursement, OFS Capital employees should presume that the gift is in relation to the business of OFS Capital.

E. Regardless of dollar value, Supervised Persons may not give a gift or provide entertainment that is inappropriate under the circumstances, or inconsistent with applicable law or regulations, to persons associated with securities or financial organizations, exchanges, member firms, commodity firms, news media, or Clients. Supervised Persons should not give or receive gifts or entertainment that would be embarrassing to you or OFS Capital if made public.

F. OFS Capital employees must report 1) the receipt or giving of all gifts (other than personal gifts and gifts of *de minimis* or nominal value, as defined above), and 2) the receipt of business entertainment in excess of $250 to the Chief Compliance Officer or designee. All business entertainment with a value in excess of $500 must be pre-approved by the OFS Capital employee's supervisor prior to accepting the business entertainment.

VI. COMPLIANCE

A. Certificate of Receipt

Supervised Persons are required to acknowledge receipt of this Code of Ethics and, therefore, your copy of this Code and that you have read and understood this Code of Ethics. A form for this purpose is attached to this Code as Appendix I.

B. Annual Certificate of Compliance

Supervised Persons are required to certify upon becoming a Supervised Person or the effective date of this Code, whichever occurs later, and annually thereafter, that you have read and understand this Code and recognize that you are subject to this Code. Each annual certificate will also state that you have complied with all of the requirements of this Code during the prior year.

C. Remedial Actions

If you violate this Code, including filing a late, inaccurate or incomplete holdings or transaction report, you will be subject to remedial actions, which may include, but are not limited to, any one or more of the following: (1) a warning; (2) disgorgement of profits; (3) imposition of a fine, which may be substantial; (4) demotion, which may be substantial; (5) suspension of employment, with or without pay; (6) termination of employment; or (7) referral to civil or governmental authorities for possible civil or criminal prosecution. If you are normally eligible

for a discretionary bonus, any violation of the Code may also reduce or eliminate the discretionary portion of your bonus.

VII. RETENTION OF RECORDS

The Chief Compliance Officer will maintain, for a period of five years unless specified in further detail below, the records listed below. The records will be maintained at the Firm's principal place of business for at least two years and in an easily accessible, but secured, place for the entire five years.

A. A record of the names of persons who are currently, or within the past five years were, Access Persons of Adviser.

B. The Annual Certificate of Compliance signed by all persons subject to this Code acknowledging receipt of copies of the Code and acknowledging they are subject to it and will comply with its terms. All Annual Certificates of each Supervised Person must be kept for five years after the individual ceases to be a Supervised Person.

C. A copy of each Code that has been in effect at any time during the five-year period.

D. A copy of each report made by a Supervised Person pursuant to this Code, including any broker trade confirmations or account statements that were submitted in lieu of the persons' quarterly transaction reports.

E. A record of all known violations of the Code and of any actions taken as a result thereof, regardless of when the violations were committed.

F. A record of any decision, and the reasons supporting the decision, to approve the acquisition of securities by Supervised Persons, for at least five years after the end of the fiscal year in which the approval is granted.

G. A record of all reports made by the Chief Compliance Officer related to this Code.

VIII. NOTICES.

For purposes of this Code, all notices, reports, requests for clearance, questions, contacts, or other communications to the Chief Compliance Officer or the Chief Financial Officer will be considered delivered if given to the Chief Compliance Officer or the Chief Financial Officer, respectively.

IX. REVIEW.

This Code will be reviewed by the Chief Compliance Officer on an annual basis to ensure that it is meeting its objectives, is functioning fairly and effectively, and is not unduly burdensome to Adviser or Supervised Persons. Supervised Persons are encouraged to contact the

Chief Compliance Officer with any comments, questions or suggestions regarding implementation or improvement of the Code.

OFS CAPITAL MANAGEMENT, LLC
OFS CAPITAL CORPORATION

ACKNOWLEDGMENT AND CERTIFICATION

CODE OF ETHICS AND SECURITIES TRADING POLICY

I hereby certify to OFS Capital Management, LLC and OFS Capital Corporation (collectively, "OFS Capital") that:

(1) I have received and reviewed OFS Capital's Code of Ethics and Securities Trading Policy (the "Code");

(2) To the extent I had questions regarding any policy or procedure contained in the Code, I received satisfactory answers to those questions from appropriate OFS Capital personnel;

(3) I fully understand the policies and procedures contained in the Code;

(4) I understand and acknowledge that I am subject to the Code;

(5) I will comply with the policies and procedures contained in the Code at all times during my association with OFS Capital, and agree that the Code may, under certain circumstances, continue to apply to me subsequent to the termination of my association with OFS Capital.

(6) I understand and acknowledge that if I violate any provision of the Code, I will be subject to remedial actions, which may include, but are not limited to, any one or more of the following: (a) a warning; (b) disgorgement of profits; (c) imposition of a fine, which may be substantial; (d) demotion, which may be substantial; (e) suspension of employment, with or without pay; (f) termination of employment; or (g) referral to civil or governmental authorities for possible civil or criminal prosecution. I further understand that, to the extent I would otherwise be eligible for a discretionary bonus, if I violate the Code this may reduce or eliminate the discretionary portion of my bonus.

Date: _____

_____
Signature

_____
Print Name

OFS CAPITAL MANAGEMENT, LLC
OFS CAPITAL CORPORATION

INITIAL REPORT OF SECURITIES ACCOUNTS

In accordance with the policies and procedures of OFS Capital Management, LLC and OFS Capital Corporation (collectively, "OFS Capital"), please indicate whether you maintain securities accounts over which you have influence or control and/or in which any securities are held for which you have Beneficial Ownership[1] ("Securities Accounts"). Securities Accounts include accounts of any kind held at a broker, bank, investment advisor, or money manager.

☐ I do maintain Securities Accounts.

☐ I do not maintain Securities Accounts.

If you indicated above that you do maintain Securities Accounts, please (1) complete the Personal Trading Account and/or Related Trading Account letters of direction (*enclosed*), (2) provide the information in the following table (*use additional paper if necessary*), and (3) attach a copy of the most recent account statement listing holdings for each account identified below:

Account Name	Broker/Institution Name	Account Number	Address	Is this account managed by a 3rd party (such as an investment advisor) on a fully discretionary basis in which you do not direct any transactions? (Yes/No)

I certify that this form is accurate and complete, and I have attached statements (if any) for all of my Securities Accounts.

_____
Signature

_____
Date

_____
Print Name

[1] You will be considered to have "Beneficial Ownership" in a Security if: (i) you have a Pecuniary Interest in the Security; (ii) you have voting power with respect to the Security, meaning the power to vote or direct the voting of the Security; or (iii) you have the power to dispose, or direct the disposition of, the Security. You will be considered to have a "Pecuniary Interest" in a security if you, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, have the opportunity, directly or indirectly, to profit or share in any profit derived from a transaction in the security. The term "Pecuniary Interest" is construed very broadly. The following examples illustrate this principle: (i) ordinarily, you will be deemed to have a "Pecuniary Interest" in all Securities owned by members of your Immediate Family who share the same household with you; (ii) if you are a general partner of a general or limited partnership, you will be deemed to have a "Pecuniary Interest" in all Securities held by the partnership; (iii) if you are a shareholder of a corporation or similar business entity, you will be deemed to have a "Pecuniary Interest" in all Securities held by the corporation if you are a controlling shareholder or have or share investment control over the corporation's investment portfolio; (iv) if you have the right to acquire equity Securities through the exercise or conversion of a derivative Security, you will be deemed to have a Pecuniary Interest in the Securities, whether or not your right is presently exercisable; (v) if you are the sole member or a manager of a limited liability company, you will be deemed to have a Pecuniary Interest in the Securities held by the limited liability company; and (vi) ordinarily, if you are a trustee or beneficiary of a trust, where either you or members of your Immediate Family have a vested interest in the principal or income of the trust, you will be deemed to have a Pecuniary Interest in all Securities held by that trust.

OFS CAPITAL MANAGEMENT, LLC
OFS CAPITAL CORPORATION

QUARTERLY BROKERAGE ACCOUNT
AND NON-BROKER TRANSACTION REPORT

Notes:

1. Capitalized terms not defined in this report are defined in the Code of Ethics and Securities Trading Policy of OFS Capital Management, LLC and OFS Capital Corporation (the "Code").

2. You must cause each broker-dealer that maintains an account over which you have influence or control and holds Securities for which you have Beneficial Ownership to provide to the Chief Compliance Officer, on a timely basis, duplicate copies of confirmations of all transactions in the account and duplicate statements for the account and you must report to the Chief Compliance Officer, within 30 days of the end of each calendar quarter, all transactions effected without the use of a registered broker-dealer in Securities, other than transactions in Non-Reportable Securities.

The undersigned has requested that you receive duplicate statements and confirmations on his or her behalf from the following brokers:

Name	Broker	Account Number	Date	Date Account Opened

The following are Securities transactions that have **not** been reported and/or executed through a broker-dealer, i.e. during the previous calendar quarter.

Date	Buy/Sell	Security Name	Amount	Price	Broker/Issuer

By signing this document, I am certifying that I have caused duplicate confirmations and duplicate statements to be sent to the Chief Compliance Officer for every brokerage account that trades in Securities.

_____
Date

_____
Signature

1. *Transactions required to be reported*. You should report every transaction in which you acquired or disposed of any Security in which you had a Pecuniary Interest during the calendar quarter. The term "beneficial ownership" is the subject of a long history of opinions and releases issued by the Securities and Exchange Commission and generally means that you would receive the benefits of owning a Security. The term includes, but is not limited to the following cases and any other examples in the Code:

   (A) Where the Security is held for your benefit by others, such as brokers, custodians, banks and pledgees;

   (B) Where the Security is held for the benefit of members of your Immediate Family sharing the same household;

   (C) Where Securities are held by a corporation, partnership, limited liability company, investment club or other entity in which you have an equity interest if you are a controlling equityholder or you have or share investment control over the Securities held by the entity;

   (D) Where Securities are held in a trust for which you are a trustee and under which either you or any member of your Immediate Family have a vested interest in the principal or income; and

   (E) Where Securities are held in a trust for which you are the settlor, unless the consent of all of the beneficiaries is required in order for you to revoke the trust.

   Notwithstanding the foregoing, the following transactions are not required to be reported:

   (A) Transactions in Securities which are direct obligations of the United States;

   (B) Transactions effected in any account over which you have no direct or indirect influence or control; or

   (C) Shares of registered open-end investment companies.

2. *Security Name*. State the name of the issuer and the class of the Security, e.g., common stock, preferred stock or designated issue of debt securities, including the interest rate, principal amount and maturity date, if applicable. In the case of the acquisition or disposition of a futures contract, put, call option or other right, referred to as "options," state the title of the Security subject to the option and the expiration date of the option.

3. *Futures Transactions*. Please remember that duplicates of all Confirmations, Purchase and Sale Reports, and month-end Statements must be sent to Adviser by your broker. Please double check to be sure this occurs if you report a future transaction.

4. *Transaction Date*. In the case of a market transaction, state the trade date, not the settlement date.

5. *Nature of Transaction (Buy or Sale)*. State the character of the transaction, e.g., purchase or sale of Security, purchase or sale of option, or exercise of option.

6. *Amount of Security Involved (No. of Shares)*. State the number of shares of stock, the face amount of debt Securities or other units of other Securities. For options, state the amount of Securities subject to the option. If your ownership interest was through a spouse, relative or other natural person or through a partnership, trust, other entity, state the entire amount of Securities involved in the transaction. In such cases, you may also indicate, if you wish, the extent of your interest in the transaction.

7. *Purchase or Sale Price*. State the purchase or sale price per share or other unit, exclusive of brokerage commissions or other costs of execution. In the case of an option, state the price at which it is currently exercisable. No price need be reported for transactions not involving cash.

8. *Broker, Dealer or Bank Effecting Transaction*. State the name of the broker, dealer or bank with or through whom the transaction was effected.

9. *Signature*. Sign the form in the space provided.

10. *Filing of Report*. This report should be filed NO LATER THAN 30 CALENDAR DAYS following the end of each calendar quarter.

OFS CAPITAL MANAGEMENT, LLC
OFS CAPITAL CORPORATION

PERSONAL TRADING ACCOUNT
LETTER OF DIRECTION

To Whom This May Concern:

I, _____ (print name), currently maintain an investment account with your institution, and hereby request that duplicate trade confirmations and monthly account statements be disseminated to my employer, [OFS Capital Management, LLC/OFS Capital Corporation], at the following address:

Attn: Chief *C*ompliance Officer
[OFS Capital Management, LLC/OFS Capital Corporation]
2850 West Golf Road, 5th Floor
Rolling Meadows, IL 60008

If you should have any questions, please do not hesitate to contact me. Thank you for your cooperation.

Sincerely,

NAME: _____

DATE: _____

PHONE: _____

OFS CAPITAL MANAGEMENT, LLC
OFS CAPITAL CORPORATION

RELATED TRADING ACCOUNT
LETTER OF DIRECTION

To Whom This May Concern:

I, _____ (print your name), currently maintain an investment account with your institution. Due to my relationship with _____ (print employee's name), who is an employee of [OFS Capital Management, LLC/OFS Capital Corporation], I hereby request that duplicate trade confirmations and monthly account statements be disseminated to the following address:

Attn: Chief Compliance Officer
[OFS Capital Management, LLC/OFS Capital Corporation]
2850 West Golf Road, 5th Floor
Rolling Meadows, IL 60008

If you should have any questions, please do not hesitate to contact me. Thank you for your cooperation.

Sincerely,

NAME: _____

DATE: _____

PHONE: _____

OFS CAPITAL MANAGEMENT, LLC
OFS CAPITAL CORPORATION

INITIAL REPORT OF PRIVATE INVESTMENTS

In accordance with the policies and procedures of OFS Capital Management, LLC and OFS Capital Corporation (collectively, "OFS Capital"), please indicate whether you maintain private investments over which you have influence or control and in which any private investments are held for which you have a Beneficial Ownership.[1] The term private investment is typically defined as an intangible investment and is very broadly construed by OFS Capital. Examples of private investments may include equity in a business or company, a loan to a business or company, an investment in a hedge fund or limited partnership, or securities held in your home or in a safe deposit box. Examples of investments that generally are not considered private investments are your primary residence, vacation home, automobiles, artwork, jewelry, antiques, stamps, and coins.

☐ I do maintain private investments.

☐ I do not maintain private investments.

If you indicated above that you do maintain private investments, please provide the information in the following table (*use additional paper if necessary*):

Description of Private Investment	**Value of Private Investment**	**Approximate Acquisition Date**	**Does the private investment involve a company that has publicly traded debt or equity? (Yes/No)**

I certify that this form and any attachments are accurate and complete and constitute all of my private investments.

_____
Signature

_____ _____
Date ***Print Name***

[1] You will be considered to have "Beneficial Ownership" in an investment if: (i) you have a Pecuniary Interest in the investment; (ii) you have voting power with respect to the investment, meaning the power to vote or direct the voting of the investment; or (iii) you have the power to dispose, or direct the disposition of, the investment. You will be considered to have a "Pecuniary Interest" in an investment if you, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, have the opportunity, directly or indirectly, to profit or share in any profit derived from a transaction in the investment. The term "Pecuniary Interest" is construed very broadly. The following examples illustrate this principle: (i) ordinarily, you will be deemed to have a "Pecuniary Interest" in all investments owned by members of your Immediate Family who share the same household with you; (ii) if you are a general partner of a general or limited partnership, you will be deemed to have a "Pecuniary Interest" in all investments held by the partnership; (iii) if you are a shareholder of a corporation or similar business entity, you will be deemed to have a "Pecuniary Interest" in all investments held by the corporation if you are a controlling shareholder or have or share investment control over the corporation's investment portfolio; (iv) if you have the right to acquire equity security through the exercise or conversion of a derivative investment, you will be deemed to have a Pecuniary Interest in the investment, whether or not your right is presently exercisable; (v) if you are the sole member or a manager of a limited liability company, you will be deemed to have a Pecuniary Interest in the investments held by the limited liability company; and (vi) ordinarily, if you are a trustee or beneficiary of a trust, where either you or members of your Immediate Family have a vested interest in the principal or income of the trust, you will be deemed to have a Pecuniary Interest in all investments held by that trust.

OFS CAPITAL MANAGEMENT, LLC
OFS CAPITAL CORPORATION

INITIAL REPORT OF OUTSIDE BUSINESS ACTIVITIES

In accordance with the policies and procedures of OFS Capital Management, LLC and OFS Capital Corporation (collectively, "OFS Capital"), please indicate whether you engage in any outside business activities. Outside business activities include, but are not limited to, serving as owner, partner, trustee, officer, director, finder, referrer, or employee of another business organization for compensation, or any activity for compensation outside my usual responsibilities at OFS Capital.[1]

☐ I do engage in outside business activities

☐ I do not engage in any outside business activities

If you indicated above that you do engage in outside business activities, please complete the following table (*use additional paper if necessary*):

Name of Business Entity	Summary of Outside Business Activity	Summary of Compensation	Is the Business Entity Related to a Publicly Traded Company? (Yes/No)

I certify that this form and any attachments are accurate and complete and constitute all of my outside business activities.

_____
Signature

_____
Date

_____
Print Name

[1] Compensation includes salaries, director's fees, referral fees, stock options, finder's fees, and anything of present or future value.