

Rights Offering

October 2016

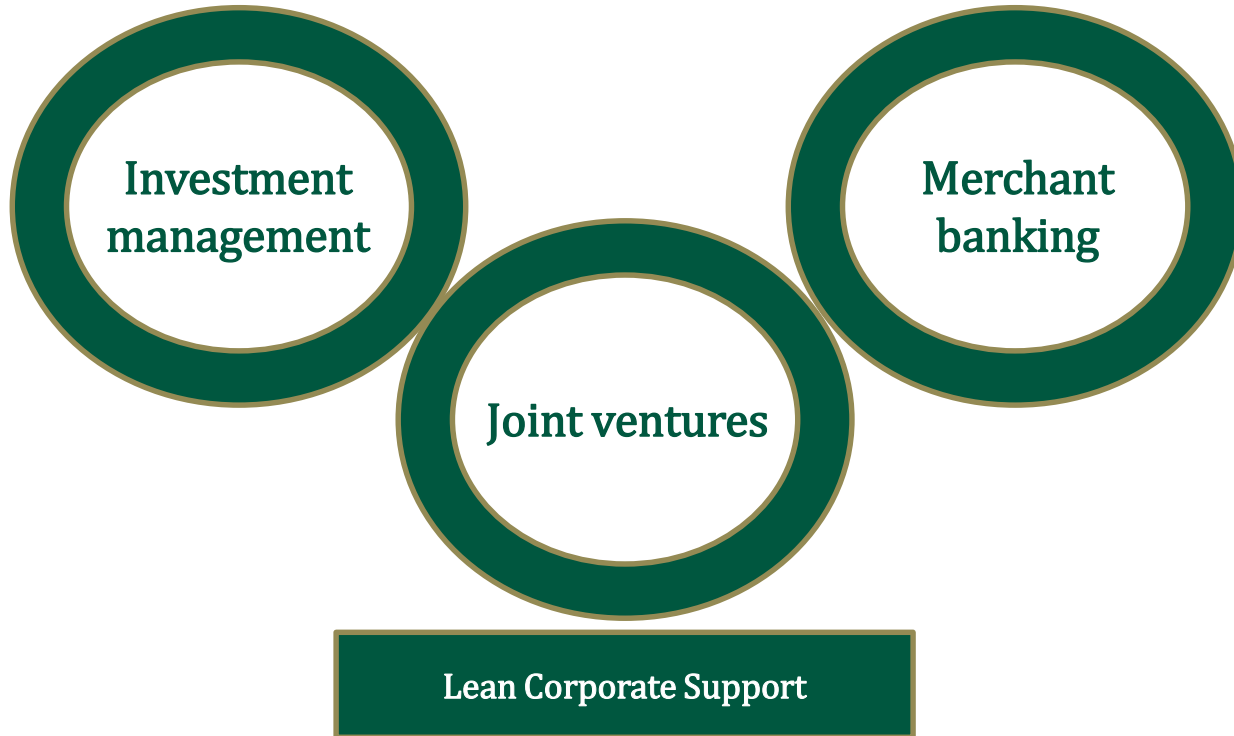
Legal notices

Rights offering materials, including a prospectus and other items necessary to exercise the rights, have been mailed to stockholders of record on October 14, 2016. The prospectus contains important information about the rights offering and the shares, and stockholders are urged to read the prospectus and the documents incorporated by reference into the prospectus carefully in their entirety. A registration statement relating to the shares of our common stock has been filed with the SEC and became effective on October 14, 2016. The offering will be made only by means of the prospectus which is a part of the effective registration statement. A copy of the final prospectus contained in the registration statement may be obtained at <https://www.sec.gov/Archives/edgar/data/1082506/000155837016008609/0001558370-16-008609-index.htm> or from us or MacKenzie Partners, our information agent for the offering.

This presentation shall not constitute an offer to sell or the solicitation of an offer to buy our securities, nor shall there be any offer or sale of our securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

This presentation contains forward-looking statements within the meaning of the U.S. Securities Act of 1933, as amended, and U.S. Securities Exchange Act of 1934, as amended, including, but not limited to, statements regarding the rights offering, performance of Great Elm Capital Corp. and our revenue from Great Elm Capital Corp. When used in this presentation, the words “potential,” “indicate,” “expect,” “intend,” “believe,” “may,” “will,” “if,” “anticipate,” and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such statements. Such factors include, among others, the possibility that the effectiveness of the registration statement may be suspended before the rights offering closes, that we may choose to postpone, modify, delay the rights offering, the possibility that the Full Circle transaction will not be completed, our inability to utilize our tax assets as well as those factors discussed under the heading "Risk Factors" in the prospectus for the rights offering and other documents filed with the U.S. Securities and Exchange Commission. Except as required by law, we assume no obligation to publicly update any forward-looking statements.

Our strategy



Our goal is to build a \$1+ billion BDC over the next three to four years, as well as to launch complementary investment products

- Focus on growing our business development company (“BDC”), GECC, both organically and inorganically
 - Organic growth of the BDC by increasing its capital base
 - Inorganic growth by consolidating other BDCs
- Launch additional investment vehicles to leverage Great Elm Capital Management’s core investment skill set
- By leveraging our team and infrastructure, GECM will achieve economies of scale across a larger asset base

Great Elm Capital Corp.

The pro forma column represents the first twelve months of operations post the Full Circle merger*

The pro forma and estimated columns are projected and may not be achieved

	Formula	In thousands	
		Pro Forma	Estimate
Management fee	1.5% of total assets (excluding cash)	\$225,000	\$ 3,375
Incentive fee	20% of net investment income (subject to 7% hurdle rate)	\$ 18,000	3,600
Capital gains	20% of net capital gains	TBD	
Total fee revenue			<u>6,975</u>
Costs against fee revenue	45% to 65% of total fee revenue		(4,534)
Contribution			<u>2,441</u>
Dividend	9% of NAV	\$30,000	2,700
Profit from the BDC			<u>\$ 5,141</u>

* Assumes the Full Circle transaction will be completed, and we can not assure you that it will be completed

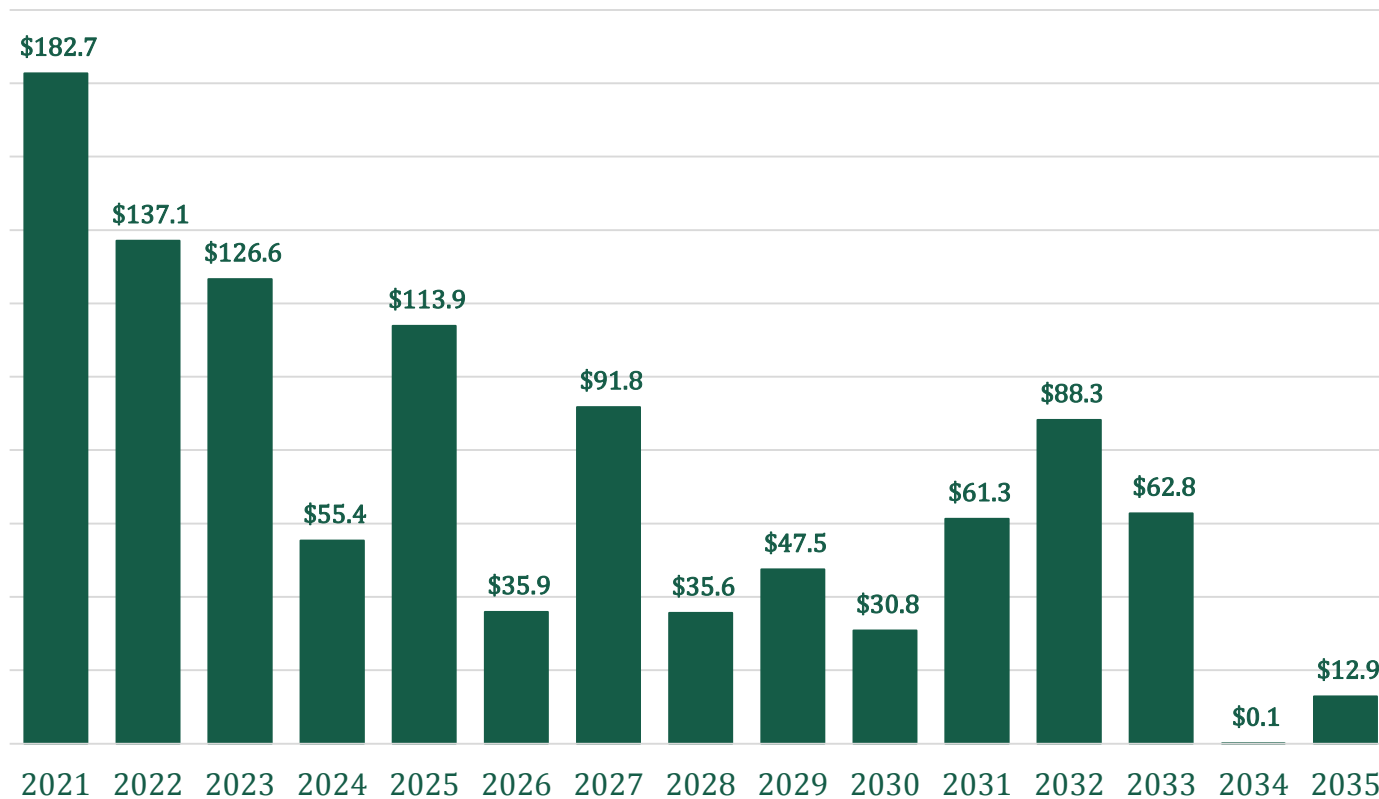
We will create bespoke solutions and reinvest our share of the proceeds in our merchant banking business

- We have \$1.7 billion of NOL carryforwards as of June 30, 2016
- We intend to generate revenue by partnering with thoughtful investors to create bespoke solutions with compelling after-tax returns for both us and our counterparties

NOL expiration

This chart shows \$1.082 billion of NOL expirations

We also have \$550+ million of NOLs with nearer term expiration dates that are under our review



Within the next five years, we plan to be a merchant bank, holding a portfolio of control investments for the long-term

- Today, our core competencies are M&A and leveraged finance
- Our merchant banking will focus on:
 - Buying, growing and holding control positions in quality businesses in attractive industries
 - Growing our portfolio companies organically and through M&A
 - Opportunistically creating liquidity events for our subsidiary portfolio companies and reinvesting the proceeds in new subsidiaries

Summary of the offering

Gross Proceeds	\$45 million (assuming all subscription privileges are exercised)
Use of Proceeds	General corporate purposes (including investments and acquisitions)
Rights	Each holder of GEC common stock on the record date will receive non-transferable Rights as a dividend on a 1:1 basis. Each rights holder will have a pro-rata basic subscription privilege to purchase 1.2962 shares of common stock for each share owned on the October 13, 2016 record date and an over-subscription privilege conditioned on full exercise of the holder's basic subscription privilege. The purchase price per share is \$3.6672.
Non-Transferability	The rights are not transferable separately from the underlying shares of common stock. Transfer of ownership of a share of common stock after the record date will also transfer ownership of the right issued with respect to such share.
Backstop	\$36.6 million will be backstopped at the same price by a group of investors led by Gracie Investments LLC
Limitations	No backstop provider may become a 19.9% stockholder. No current stockholder will be allowed to become a 5% stockholder as a result of the rights offering. Gracie Investing, LLC may become a 10% holder. Existing 5% holders may exercise their basic subscription privileges but not any over-subscription privileges.
Listing	The offering of the rights and the shares is registered under the Securities Act and the shares of common stock will be listed on Nasdaq. The rights will not be listed.
Dealer-Managers	Oppenheimer & Co. and Janney Montgomery Scott

Pro forma balance sheet

As of June 30, 2016 (in thousands)

	Historical	August Note Payoff	Note Redemption	Rights Offering	Pro Forma
Cash and cash equivalents	\$ 50,711	\$ (8,195)	\$ (31,663)	\$ 42,825	\$ 53,678
Cash in GECC	30,000				30,000
	80,711				83,678
Other assets	110				110
Deferred financing costs	930	(200)	(730)		-
Total assets	\$ 81,751				\$ 83,788
Accounts payable & accrued liabilities	\$ 10,290				\$ 10,290
Senior Secured Notes due 2019	34,640	(7,452)	(27,188)		-
Total liabilities	44,930				10,290
Stockholders' equity	36,821	(943)	(5,205)	42,825	73,498
Total liabilities & stockholders' equity	\$ 81,751				\$ 83,788

Per share value

The \$3.6672 subscription price represents a 4.7% discount to the \$3.84 pro forma net asset value

		As of June 30, 2016		
		Historical	Post-Offering	
		In thousands	In thousands	Per Share
Cash and cash equivalents		\$ 50,711	\$ 53,678	
Payables and other liabilities		(10,290)	(10,290)	
Adjusted cash		40,421	43,388	\$ 2.00
Cash and cash equivalents in GECC		30,000	30,000	\$ 1.38
Note receivable from IP business sale		10,000 ⁽¹⁾	10,000 ⁽¹⁾	\$ 0.46
Other assets		1,040	110	\$ 0.01
Deferred tax assets		TBD	TBD	\$ -
Senior secured notes due 2019		(36,588)	-	
OID		1,948	-	
Net assets		\$ 46,821	\$ 83,498	\$ 3.84
Outstanding shares		9,467	21,738	

(1) For GAAP purposes, this asset is not yet recognized