

FIDUS INVESTMENT Corp  
Form DEF 14A  
March 15, 2017  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, DC 20549**

**SCHEDULE 14A**  
**(RULE 14a-101)**  
**INFORMATION REQUIRED IN PROXY STATEMENT**  
**SCHEDULE 14A INFORMATION**  
**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement.

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)).**

Definitive Proxy Statement.

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

**Fidus Investment Corporation**

**(Name of Registrant as Specified in its Charter)**

**(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**Table of Contents**

**1603 Orrington Avenue, Suite 1005**

**Evanston, Illinois, 60201**

**(847) 859-3940**

March 15, 2017

Dear Stockholder:

You are cordially invited to attend Fidus Investment Corporation's 2017 Annual Meeting of Stockholders to be held on Thursday, June 1, 2017 at 9:00 a.m. Central Time, at the LondonHouse, 85 East Wacker Drive, Chicago, Illinois 60601.

The Notice of Annual Meeting and proxy statement accompanying this letter provide an outline of the business to be conducted at the meeting. I will also report on the progress of the Company during the past year and answer stockholders' questions.

It is important that your shares be represented at the Annual Meeting. If you are a stockholder of record and are unable to attend the meeting in person, I urge you to vote your shares by completing, dating and signing the enclosed proxy card and promptly returning it in the envelope provided or, alternatively, by calling the toll-free telephone number or using the Internet as described on the proxy card. If a broker or other nominee holds your shares in street name, your broker has enclosed a voting instruction form, which you should use to vote those shares if you are unable to attend the meeting in person. The voting instruction form indicates whether you have the option to vote those shares by telephone or by using the Internet. Your vote is important.

Sincerely yours,  
Edward H. Ross  
Chairman & Chief Executive Officer

**Table of Contents**

**FIDUS INVESTMENT CORPORATION**

**1603 Orrington Avenue, Suite 1005**

**Evanston, Illinois, 60201**

**(847) 859-3940**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held On Thursday, June 1, 2017**

To the Stockholders of Fidus Investment Corporation:

The 2017 Annual Meeting of Stockholders of Fidus Investment Corporation (the Company) will be held at the LondonHouse, 85 East Wacker Drive, Chicago, Illinois 60601, on Thursday, June 1, 2017, at 9:00 a.m. (Central Time) for the following purposes:

1. To elect two Class III directors to serve until their successors have been duly elected and qualified (Proposal No. 1);
2. To approve a proposal to authorize the Company, subject to the approval of the Company's Board of Directors, to sell or otherwise issue shares of its common stock during the next year at a price below the Company's then current net asset value per share, subject to certain conditions as set forth in this proxy statement (including that the cumulative number of shares sold pursuant to such authority does not exceed 25% of its then outstanding common stock immediately prior to each such sale) (Proposal No. 2); and
3. To transact such other business as may properly come before the meeting, or any adjournments or postponements thereof.

You have the right to receive notice of and to vote at the meeting if you were a stockholder of record at the close of business on March 10, 2017. Whether or not you expect to be present in person at the meeting, please vote by signing the enclosed proxy card and returning it promptly in the self-addressed envelope provided or, alternatively, by calling the toll-free telephone number or using the Internet as described on the proxy card. If a broker or other nominee holds your shares in street name, your broker has enclosed a voting instruction form, which you should use to vote those shares. The voting instruction form indicates whether you have the option to vote those shares by telephone or by using the Internet. In the event there are not sufficient votes for a quorum or to approve or ratify any of the foregoing proposals at the time of the Annual Meeting, the Annual Meeting may be adjourned in order to permit further solicitation of proxies by the Company.

By order of the Board of Directors,

Shelby E. Sherard  
Chief Financial Officer, Chief Compliance Officer and  
Corporate Secretary

Evanston, Illinois

March 15, 2017

**This is an important meeting. To ensure proper representation at the meeting, please indicate your vote as to the matters to be acted on at the meeting by following the instructions provided in the enclosed proxy card or voting instruction form. Even if you vote your shares prior to the meeting, you still may attend the meeting and vote your shares in person.**

**Table of Contents**

TABLE OF CONTENTS

|   |    |
|---|----|
| <u>Notice Of Annual Meeting Of Stockholders</u>   | ii |
| <u>Proxy Statement</u>  | 1  |
| <u>Information About The Meeting</u>  | 2  |
| <u>Information About Voting</u>   | 3  |
| <u>Additional Information</u>   | 6  |
| <u>Proposal No. 1 Election Of Class III Directors</u>   | 8  |
| <u>Information About Executive Officer Who Is Not A Director</u>  | 12 |
| <u>Corporate Governance</u>   | 13 |
| <u>Compensation Discussion and Analysis</u>   | 18 |
| <u>2016 Director Compensation Table</u>   | 18 |
| <u>Certain Relationships and Related Transactions</u>   | 19 |
| <u>Security Ownership Of Certain Beneficial Owners And Management</u>   | 22 |
| <u>Section 16(a) Beneficial Ownership Reporting Compliance</u>  | 23 |
| <u>Proposal No. 2 Approval To Sell Or Otherwise Issue Shares Of Common Stock Below Net Asset Value (Book Value)</u> | 24 |
| <u>Independent Registered Public Accounting Firm</u>  | 31 |
| <u>Audit Committee Report</u>   | 33 |
| <u>Privacy Notice</u>   | 34 |
| <u>Other Business</u>   | 35 |

**Table of Contents**

**FIDUS INVESTMENT CORPORATION**

**1603 Orrington Avenue, Suite 1005**

**Evanston, Illinois, 60201**

**(847) 859-3940**

**PROXY STATEMENT**

**2017 Annual Meeting of Stockholders**

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Fidus Investment Corporation (the Company, Fidus, we, us or our ) for use at our 2017 Annual Meeting of Stockholders to be held on Thursday, June 1, 2017, at 9:00 a.m. (Central Time) at the LondonHouse, 85 East Wacker Drive, Chicago, Illinois 60601, and at any adjournments thereof (the Annual Meeting ). The Notice of Annual Meeting, this proxy statement, the accompanying proxy card and our Annual Report for the fiscal year ended December 31, 2016 are first being sent to stockholders on or about March 31, 2017.

We encourage you to vote your shares, either by voting in person at the meeting or by granting a proxy (i.e., authorizing someone else to vote your shares). If you vote by mail, Internet or telephone as described in the instructions on the proxy card or voting instruction form, and we receive your vote in time for the meeting, the persons named as proxies will vote the shares registered directly in your name in the manner that you specified. **If you give no instructions on the proxy card, the shares covered by the proxy card will be voted FOR the election of the director nominees and FOR the other matters listed in the accompanying Notice of Annual Meeting of Stockholders.**

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE PROMPTLY VOTE YOUR SHARES EITHER BY MAIL, INTERNET OR TELEPHONE.**

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL STOCKHOLDER MEETING TO BE HELD ON JUNE 1, 2017:**

**The Notice of Annual Meeting, proxy statement, and our Annual Report for the fiscal year ended December 31, 2016 are available at the following Internet address: [www.viewproxy.com/fidusinv/2017/](http://www.viewproxy.com/fidusinv/2017/).**

**Table of Contents**

**INFORMATION ABOUT THE MEETING**

**When is the Annual Meeting?**

The Annual Meeting will be held on Thursday, June 1, 2017, at 9:00 a.m. (Central Time).

**Where will the Annual Meeting be held?**

The Annual Meeting will be held at the LondonHouse, 85 East Wacker Drive, Chicago, Illinois 60601.

**What items will be voted on at the Annual Meeting?**

There are two matters scheduled for a vote:

1. To elect two Class III directors to serve until their successors have been duly elected and qualified (Proposal No. 1); and
2. To approve a proposal to authorize the Company, subject to the approval of the Company's Board of Directors, to sell or otherwise issue shares of its common stock during the next year at a price below the Company's then current net asset value per share, subject to certain conditions as set forth in this proxy statement (including that the cumulative number of shares sold pursuant to such authority does not exceed 25% of its then outstanding common stock immediately prior to each such sale) (Proposal No. 2).

As of the date of this proxy statement, we are not aware of any other matters that will be presented for consideration at the Annual Meeting.

**What are the Board of Directors' recommendations?**

Our Board of Directors recommends that you vote:

*FOR* the election of the two Class III director nominees named herein to serve on the Board of Directors; and

*FOR* the proposal to authorize the Company, subject to the approval of the Company's Board of Directors, to sell or otherwise issue shares of its common stock during the next year at a price below the Company's then current net asset value per share, subject to certain conditions as set forth in this proxy statement (including that the cumulative number of shares sold pursuant to such authority does not exceed 25% of its then outstanding common stock immediately prior to each such sale).

**Will Fidus' directors be in attendance at the Annual Meeting?**

Fidus encourages, but does not require, its directors to attend annual meetings of stockholders. However, Fidus anticipates that all of its directors will attend the 2017 Annual Meeting.



---

**Table of Contents**

**INFORMATION ABOUT VOTING**

**Who is entitled to vote at the Annual Meeting?**

Only stockholders of record at the close of business on the record date, March 10, 2017, are entitled to receive notice of the Annual Meeting and to vote the shares for which they were stockholders of record on that date at the Annual Meeting, or any postponement or adjournment of the Annual Meeting. As of the close of business on March 10, 2017, we had 22,446,076 shares of common stock outstanding.

**How do I vote?**

With respect to Proposal No. 1, you may either vote **FOR** each Class III nominee to the Board of Directors, or you may vote **WITHHOLD AUTHORITY** for each nominee. For Proposal No. 2, you may vote **FOR** or **AGAINST**, or abstain from voting altogether. The procedures for voting are fairly simple:

*Stockholders of Record: Shares Registered in Your Name.* If on March 10, 2017, your shares were registered directly in your name with Fidus transfer agent, American Stock Transfer & Trust Company, LLC, then you are a stockholder of record. If you are a stockholder of record, you may vote in person at the Annual Meeting or vote by giving us your proxy. You may give us your proxy by completing the enclosed proxy card and returning it in the enclosed postage-prepaid envelope, or by calling a toll-free telephone number or using the Internet as further described below and on the enclosed proxy card. **Whether or not you plan to attend the Annual Meeting, we urge you to sign and return the enclosed proxy card or to otherwise give your proxy authorization by telephone or Internet, as specified on the proxy card, to ensure your vote is counted.** You may still attend the Annual Meeting and vote in person if you have already signed and returned your proxy card.

**IN PERSON:** To vote in person, come to the Annual Meeting, and we will give you a ballot when you arrive.

**BY MAIL:** To vote using the enclosed proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the postage paid envelope provided. If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you direct, unless, after returning your signed proxy card, you attend the Annual Meeting and vote in person or otherwise revoke your proxy as set forth under the heading **Can I change my vote after submitting my proxy card?** below.

**BY INTERNET:** To vote by Internet, go to [www.cesvote.com](http://www.cesvote.com) to transmit your voting instructions **until** 11:59 p.m. Eastern Time on May 31, 2017. Have your proxy card available when you access the website and then follow the instructions.

**BY TELEPHONE:** To vote by telephone, call 1-888-693-8683 and use any touch-tone telephone to transmit your voting instructions **until** 11:59 p.m. Eastern Time on May 31, 2017. Have your proxy card available when you call the phone number above and then follow the instructions.

*Beneficial Owners: Shares Registered in the Name of a Broker or Bank.* If on March 10, 2017, your shares were held in an account at a brokerage firm, bank, dealer or other similar organization, then you are the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by that organization. If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you should have received from that organization rather than from Fidus, a proxy card and voting instructions with these proxy materials. Simply complete and mail the proxy card to ensure that your vote is counted. Alternatively, you may be able to vote by telephone or over the Internet if permitted by your broker or bank. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank or other agent. Follow the voting instruction form from your broker or bank included with these proxy materials, or contact your broker or bank to request a proxy card.

## **Table of Contents**

### **How many votes do I have?**

On each matter to be voted upon, you have one vote for each share of common stock for which you were the stockholder of record as of March 10, 2017.

### **What does it mean if I receive more than one proxy card?**

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. Please provide a response (by telephone, Internet or mail as provided for on the proxy card accompanying this proxy statement or on the voting instruction form from your broker or bank) for each proxy card you receive to ensure that all of your shares are voted.

### **What if I return a proxy card but do not make specific choices?**

If you return a signed and dated proxy card without marking any voting selections, your shares will be voted: FOR the election of each nominee named herein to serve as a Class III director on the Board of Directors and FOR the proposal to authorize the Company, subject to the approval of the Company's Board of Directors, to sell or otherwise issue shares of its common stock during the next year at a price below the Company's then current net asset value per share, subject to certain conditions as set forth in this proxy statement (including that the cumulative number of shares sold pursuant to such authority does not exceed 25% of its then outstanding common stock immediately prior to each such sale).

If any other matter is properly presented at the meeting, your proxy (one of the individuals named on your proxy card) will vote your shares as recommended by the Board of Directors or, if no recommendation is given, will vote your shares using his or her discretion.

### **Can I change my vote after submitting my proxy card?**

Yes. You can revoke your proxy at any time before the final vote at the Annual Meeting. If you are the stockholder of record of your shares, you may revoke your proxy in any one of three ways:

You may change your vote using the same method that you first used to vote your shares (by telephone, Internet or mail);

You may send a written notice that you are revoking your proxy to Fidus Investment Corporation, 1603 Orrington Avenue, Suite 1005, Evanston, Illinois 60201, Attention: Shelby E. Sherard, Corporate Secretary; or

You may attend the Annual Meeting and notify the election officials at the Annual Meeting that you wish to revoke your proxy and vote in person. Simply attending the Annual Meeting, however, will not, by itself, revoke your proxy.

If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions on the voting instruction form provided by your broker or bank.

### **How are votes counted?**

Votes will be counted by the inspector of election appointed for the Annual Meeting, who will separately count each vote marked FOR or WITHHOLD AUTHORITY for nominees for Class III directors identified in Proposal No. 1 and, with respect to Proposal No. 2, will separately count each vote marked FOR, AGAINST or ABSTAIN. Abstentions and broker non-votes will be deemed to be present for the purpose of determining a quorum for the Annual Meeting. However, abstentions and broker non-votes are not counted as votes cast. A broker non-vote with respect to a matter occurs when a broker, bank or other institution or nominee holding shares on behalf of a beneficial owner has not received voting instructions from the beneficial

## **Table of Contents**

owner on a particular proposal and does not have, or chooses not to exercise, discretionary authority to vote the shares on such proposals. Notwithstanding the foregoing, the Company does not expect many, if any, broker non-votes at the Annual Meeting because there are no routine proposals to be voted on at the Annual Meeting.

### **How many votes are needed to approve each proposal?**

For Proposal No. 1, the two nominees receiving a plurality of the vote will be elected. In other words, the two nominees receiving the most FOR votes among votes properly cast in person or by proxy at the Annual Meeting will be elected. If you vote WITHHOLD AUTHORITY with respect to one or more nominees, your shares will not be included in determining the number of votes cast and, as a result, will have no effect on this proposal.

Proposal No. 2 must be approved by (1) a majority of the outstanding shares of common stock entitled to vote at the Annual Meeting, and (2) a majority of the outstanding shares of common stock entitled to vote at the Annual Meeting that are not held by affiliated persons of the Company, which includes directors, officers, employees, and 5% stockholders. For purposes of Proposal No. 2 only, a majority of the outstanding shares is defined in section 2(a)(42) of the Investment Company Act of 1940, as amended (the 1940 Act), to be the lesser of: (1) 67% or more of the common stock of the Company present or represented by proxy at the Annual Meeting, if the holders of more than 50% of the Company's common stock are present or represented by proxy; or (2) more than 50% of the outstanding common stock of the Company (the voting requirements in (1) and (2), a 1940 Act Majority). For purposes of the vote on this proposal, abstentions and broker non-votes will have the effect of votes against the proposal, although they will be considered present for purposes of determining the presence of a quorum.

### **How many shares must be present to constitute a quorum for the Annual Meeting?**

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if at least a simple majority (*i.e.*, greater than 50%) of the outstanding shares entitled to vote are represented at the Annual Meeting either in person or by proxy. On March 10, 2017, the record date, there were 22,446,076 shares outstanding and entitled to vote. Thus 11,223,039 shares must be represented at the Annual Meeting either in person or by proxy to constitute a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy by mail, Internet or telephone (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the Annual Meeting. Abstentions will be counted towards the quorum requirement.

If a quorum is not present at the Annual Meeting, or if a quorum is present but there are not enough votes to approve one or more of the proposals, the person named as chairman of the Annual Meeting may adjourn the meeting to permit further solicitation of proxies. A stockholder vote may be taken on one or more of the proposals in this proxy statement prior to any such adjournment if there are sufficient votes for approval on such proposal(s).

### **How can I find out the results of the voting at the Annual Meeting?**

Preliminary voting results will be announced at the Annual Meeting and filed on Form 8-K within four business days of the Annual Meeting. Final results, if different from the preliminary results, will be published on an amended Form 8-K within four days after the final voting results are established.

---

**Table of Contents**

**ADDITIONAL INFORMATION**

**How and when may I submit a stockholder proposal for Fidus 2018 Annual Meeting?**

We will consider for inclusion in our proxy materials for the 2018 Annual Meeting of Stockholders, stockholder proposals that are received at our executive offices, in writing, no earlier than October 2, 2017 and no later than 5:00 p.m. (Eastern Time) on December 1, 2017, and that comply with our bylaws and all applicable requirements of Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act ). Proposals must be sent to our Corporate Secretary at Fidus Investment Corporation, 1603 Orrington Avenue, Suite 1005, Evanston, Illinois 60201.

Pursuant to our bylaws, stockholders wishing to nominate persons for election as directors or to introduce an item of business at an annual meeting that are not to be included in our proxy materials must have given timely notice thereof in writing to our Corporate Secretary. To be timely for the 2018 Annual Meeting of Stockholders, you must notify our Corporate Secretary, in writing, no earlier than October 2, 2017, and no later than 5:00 p.m. (Eastern Time) on December 1, 2017. We also advise you to review our bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations, including the different notice submission date requirements in the event that our 2018 Annual Meeting of Stockholders is held more than 30 days before or after the first anniversary of the date the notice for the 2017 annual meeting is mailed. In accordance with our bylaws, the chairman of the 2018 Annual Meeting of Stockholders may determine, if the facts warrant, that a matter has not been properly brought before the meeting and, therefore, may not be considered at the meeting.

Pursuant to the Company s bylaws, among other things, a stockholder s notice shall set forth as to each individual whom the stockholder proposes to nominate for election or reelection as a director:

the name, age, business address and residence address of such individual;

the class, series and number of any shares of stock of the Company that are beneficially owned by such individual;

the date such shares were acquired and the investment intent of such acquisition;

whether such stockholder believes any such individual is or is not an interested person of the Company, as defined in section 2(a)(19) of the 1940 Act and the rules promulgated thereunder and information regarding such individual that is sufficient, in the discretion of the Board of Directors or any committee thereof or any authorized officer of the Company, to make either such determination; and

all other information relating to such individual that is required to be disclosed in solicitations of proxies for election of directors in an election contest (even if an election contest is not involved), or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act and the rules thereunder (including such individual s written consent to being named in the proxy statement as a nominee and to serving as a director if elected).

The above procedures summarize the stockholder nomination procedures contained in our bylaws, and any stockholder desiring to submit a nominee should consult our bylaws regarding these requirements.

All nominees properly submitted to the Company (or which the nominating and corporate governance committee ( Nominating Committee ) otherwise elects to consider) will be evaluated and considered by the members of the Nominating Committee using the same criteria as nominees identified by the Nominating Committee itself.

**How can I obtain the Company s Annual Report on Form 10-K?**

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 is being mailed with this proxy statement. Our Annual Report is not incorporated into this proxy statement and shall not be considered proxy solicitation material.



## **Table of Contents**

**We will also mail to you, without charge and upon your written request, a copy of any specifically requested exhibit to our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.**

Requests should be sent to: Corporate Secretary, Fidus Investment Corporation, 1603 Orrington Avenue, Suite 1005, Evanston, Illinois 60201. A copy of our Annual Report on Form 10-K has also been filed with the Securities and Exchange Commission, or the SEC, and may be accessed from the SEC's homepage (<http://www.sec.gov>).

### **Who is paying for this proxy solicitation?**

Fidus will pay for the entire cost of soliciting proxies. We estimate that we will pay Alliance Advisors, LLC, our proxy solicitor, a fee of approximately \$100,000, plus reimbursement for out of pocket expenses, to solicit proxies, though the costs of this proxy solicitation process could be lower or higher than our estimate. In addition to these written proxy materials, our proxy solicitor, directors, officers and employees of Fidus Investment Advisors, LLC, the Company's investment adviser and administrator (our Investment Advisor), may also solicit proxies in person, by telephone or by other means of communication; however, our directors, officers and employees of our Investment Advisor will not be paid any additional compensation for soliciting proxies. In addition to the solicitation of proxies by the use of the mail, proxies may be solicited in person and/or by telephone or facsimile transmission by our proxy solicitor, directors, officers or employees of our Investment Advisor. Our Investment Advisor is located at 1603 Orrington Avenue, Suite 1005, Evanston, Illinois 60201.

We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners and obtaining your voting instructions.

### **How many copies should I receive if I share an address with another stockholder?**

The SEC has adopted rules that permit companies and intermediaries, such as brokers, to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as "householding," potentially provides extra convenience for stockholders and cost savings for companies.

Brokers may be householding our proxy materials by delivering a single proxy statement and Annual Report to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that they will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If you did not respond that you did not want to participate in householding, you were deemed to have consented to the process. If at any time you no longer wish to participate in householding and would prefer to receive a separate proxy statement and Annual Report, or if you are receiving multiple copies of the proxy statement and Annual Report and wish to receive only one, please notify your broker if your shares are held in a brokerage account or us if you are a stockholder of record. You can notify us by sending a written request to: Shelby E. Sherard, Corporate Secretary, Fidus Investment Corporation, 1603 Orrington Avenue, Suite 1005, Evanston, Illinois 60201, or by calling (847) 859-3940. In addition, Fidus will promptly deliver, upon written or oral request to the address or telephone number above, a separate copy of the Annual Report and proxy statement to a stockholder at a shared address to which a single copy of the documents was delivered.

### **Whom should I contact if I have any questions?**

If you have any questions about the Annual Meeting, these proxy materials or your ownership of our common stock, please contact Shelby E. Sherard c/o Fidus Investment Corporation, 1603 Orrington Avenue, Suite 1005, Evanston, Illinois 60201, Telephone (847) 859-3940, or Fax: (847) 859-3953.

**Table of Contents**

**PROPOSAL NO. 1**

**ELECTION OF CLASS III DIRECTORS**

Our Board of Directors is divided into three classes. Each class has a three-year term. Each director holds office for the term to which he or she is elected and until his or her successor is duly elected and qualified. Vacancies on the Board of Directors may be filled by persons elected by a majority of the remaining directors. A director elected by the Board of Directors to fill a vacancy in a class, including any vacancies created by an increase in the number of directors, shall serve for the remainder of the full term of that class or until the director's successor is duly elected and qualified.

The Board of Directors has five members. There are two members of the class of directors whose term expires in 2017 (Class III), Messrs. Ross and Anstiss. If elected at the Annual Meeting, each nominee will serve until the 2020 Annual Meeting of Stockholders or until his successor is elected and qualified or, if sooner, until his death, resignation or removal. Messrs. Ross and Anstiss are not being nominated for election, nor has any director, executive officer or other listed officer of the Company been selected as a director, executive officer or other officer pursuant to any agreement or understanding with the Company or any other person. Messrs. Ross and Anstiss have indicated their willingness to continue to serve if elected and have consented to be named as nominees. Due to his relationship with our Investment Advisor, as discussed in more detail below, Mr. Ross is an interested person of the Company as defined in section 2 (a)(19) of the 1940 Act. Mr. Anstiss is not an interested person of the Company as defined in the 1940 Act.

A stockholder can vote for or withhold his or her vote for each nominee. **In the absence of instructions to the contrary, it is the intention of the persons named as proxies to vote each such proxy for the election of the nominees named below. If either of the nominees should decline or be unable to serve as a director, it is intended that the proxy will be voted for the election of such person(s) who is nominated as a replacement. The Board of Directors has no reason to believe that the Class III director nominees named will be unable or unwilling to serve.**

Certain of our directors who are also officers of the Company may serve as directors of, or on the boards of managers of, certain of our portfolio companies. In addition, the Board of Directors of Fidus Mezzanine Capital, L.P., or Fund I, a wholly-owned consolidated subsidiary licensed by the U.S. Small Business Administration as a small business investment company (an SBIC) that has elected to be treated as a business development company ( BDC ) under the 1940 Act, is composed of all of the Company's directors.

The business address of each nominee and director listed below is 1603 Orrington Avenue, Suite 1005, Evanston, Illinois 60201.

**Table of Contents**

Certain information as of March 10, 2017, with respect to each Class III director nominee is set forth below.

**Nominees for Class III Directors***Interested Director*

| <b>Name</b>    | <b>Age</b> | <b>Background Information</b>   |
|----------------|------------|---|
| Edward H. Ross | 51         | Mr. Ross has served as chairman of our board of directors and our chief executive officer, and as chairman of our Investment Advisor's investment committees, since our initial public offering in June 2011. Additionally, Mr. Ross is the chief executive officer and a manager of our Investment Advisor. Mr. Ross is an interested director due to his positions with the Company and our Investment Advisor. Mr. Ross has more than 25 years of debt and equity capital investing experience with lower middle-market companies. Mr. Ross co-founded Fidus Capital, LLC, the predecessor firm to our Investment Advisor, in 2005. From February 2007 to June 2011, Mr. Ross served as a member of the investment committee of Fidus Mezzanine Capital GP, LLC, Fund I's former general partner. From 2002 to 2005, Mr. Ross was a managing director and the head of the Chicago office for Allied Capital Corporation, a publicly-traded business development company, where he focused on making debt and equity investments in middle-market companies. Prior to joining Allied Capital Corporation, Mr. Ross co-founded Middle Market Capital, a merchant banking group of Wachovia Securities and its predecessor, First Union Securities, Inc., a retail brokerage and institutional capital markets and investment banking firm. Mr. Ross earned a bachelor of arts from Southern Methodist University and a master of business administration from the University of Notre Dame's Mendoza College of Business. Mr. Ross is the brother of John J. Ross, II, a manager of our Investment Advisor and a member of its investment committee. |

*Independent Director*

| <b>Name</b>             | <b>Age</b> | <b>Background Information</b>   |
|-------------------------|------------|---|
| Raymond L. Anstiss, Jr. | 50         | Mr. Anstiss has served on our Board of Directors since September 2011 and is the chairman of our Audit Committee and a member of our Nominating Committee. Mr. Anstiss is the President of Anstiss & Co., an accounting, audit, tax and financial consulting firm headquartered in Lowell, Massachusetts. Prior to joining Anstiss & Co. in 1993, Mr. Anstiss served on the audit staff of KPMG Peat Marwick from 1988 to 1992. Mr. Anstiss has served on the board of directors for several not-for-profit companies in the past five years. |

*The Board of Directors recommends a vote for the Class III director nominees named above.*



**Table of Contents**

Certain information as of March 10, 2017, with respect to each Class I and Class II directors is set forth below.

**Class I Director continuing in office until the 2018 Annual Meeting of Stockholders***Independent Director*

| <b>Name</b>      | <b>Age</b> | <b>Background Information</b>  |
|------------------|------------|--|
| Charles D. Hyman | 58         | Mr. Hyman has served on our Board of Directors since our initial public offering in June 2011 and is the chairman of our Nominating Committee and a member of our Audit Committee. Mr. Hyman is the founder and chief executive officer of Charles D. Hyman & Co., a private, registered investment management firm located in Ponte Vedra Beach, Florida. Prior to forming Charles D. Hyman & Co. in 1994, Mr. Hyman served as a senior vice president of St. Johns Investment Management Company. Mr. Hyman has served on the board of directors for several not-for-profit companies in the past five years and currently serves on the board of Patriot Transportation Holding, Inc. (NASDAQ: PATI). |

**Class II Directors continuing in office until the 2019 Annual Meeting of Stockholders***Interested Director*

| <b>Name</b>     | <b>Age</b> | <b>Background Information</b>   |
|-----------------|------------|---|
| Thomas C. Lauer | 49         | Mr. Lauer has served as our director and as a member of our Investment Advisor's investment committees since our initial public offering in June 2011 and as our President since September 2016. Additionally, Mr. Lauer is a manager of our Investment Advisor. Mr. Lauer is an interested director due to his position with the Investment Advisor. Mr. Lauer has more than 20 years of experience investing debt and equity capital in lower middle-market companies. Mr. Lauer was a managing partner of Fidus Partners, LLC, an investment banking firm, from 2008 to June 2011. From 2004 to 2008, Mr. Lauer was a managing director of Allied Capital Corporation, a publicly-traded business development company, and member of that firm's Management Committee from 2006 to 2008, Private Finance Investment Committee from 2005 to 2008, and Senior Debt Fund Investment Committee from 2007 to 2008. Prior to joining Allied Capital Corporation, Mr. Lauer worked with the Global Sponsor Finance Group of GE Capital, the financial services unit of General Electric, the Leveraged Capital Group at Wachovia Securities and its predecessor, First Union Securities, Inc., a retail brokerage and institutional capital markets and investment banking firm, and the Platform Components Division of Intel Corporation. Mr. Lauer earned a bachelor of business administration from the University of Notre Dame and master of business administration from the University of Notre Dame's Mendoza College of Business. |

**Table of Contents**

*Independent Director*

| Name              | Age | Background Information   |
|-------------------|-----|--|
| John A. Mazzarino | 64  | Mr. Mazzarino has served on our Board of Directors since November, 2012 and is a member of our Audit Committee and our Nominating Committee. Mr. Mazzarino is a Co-Founder and Managing Director of Cherokee Investment Partners, a private equity real estate investment management firm focused on the acquisition, remediation, management and development of brownfields in North America and Europe. Prior to co-founding Cherokee's predecessor firm in 1988, Mr. Mazzarino worked at Bain & Company from 1982 to 1988, where he specialized in mergers and acquisitions and corporate strategy. From 1977 to 1982 he worked at Peat, Marwick, Mitchell & Co., consulting on policy issues with the Environmental Protection Agency, the Department of Housing and Urban Development, the Department of Energy and other federal agencies. Mr. Mazzarino currently serves as a member of the board of advisors of the MIT Sloan School of Management and is a director of Cherokee Gives Back, Cherokee's philanthropic arm. In addition, Mr. Mazzarino is a member of five other private and not-for-profit company boards. |

**Qualifications of Directors**

When considering whether our director nominees have the experience, qualifications, attributes and skills, taken as a whole, to enable our Board of Directors to satisfy its oversight responsibilities effectively in light of our operational and organizational structure, the Nominating Committee and the Board of Directors focused primarily on the information discussed in each of the director nominee's individual biographies set forth above and on the following particular attributes:

*Interested Directors*

*Mr. Ross:* The Nominating Committee and the Board of Directors considered his familiarity with the Fidus investment platform, his significant experience with investing debt and equity capital in middle-market companies, and his broad experience with the day-to-day management and operation of other investment funds, which provides our Board of Directors with valuable investment and management experience, insight and perspective.

*Mr. Lauer:* The Nominating Committee and the Board of Directors considered his experience with investing debt and equity capital in middle-market companies, which provides our Board of Directors with valuable investment knowledge, experience and insight.

*Independent Directors*

*Mr. Anstiss:* The Nominating Committee and the Board of Directors considered his extensive experience in the accounting industry. In addition, Mr. Anstiss' accounting background was instrumental in his appointment to the chairmanship of our Audit Committee.

*Mr. Hyman:* The Nominating Committee and the Board of Directors considered his extensive experience in the investment analysis, management, and advisory industries.

*Mr. Mazzarino:* The Nominating Committee and the Board of Directors considered his extensive experience in the investing and capital management industry, as well as merger and acquisition and corporate strategy expertise.

**Table of Contents****INFORMATION ABOUT EXECUTIVE OFFICER WHO IS NOT A DIRECTOR**

The following is a brief biography of our executive officer, Shelby E. Sherard, who is not a director of the Company.

| Name              | Age | Background Information   |
|-------------------|-----|--|
| Shelby E. Sherard | 46  | Shelby E. Sherard has served as our chief financial officer and secretary since joining the Company on June 2, 2014 and chief compliance officer since August 11, 2014. Ms. Sherard has more than 20 years of finance experience most recently as a financial officer at Prologis, Inc., a leading owner, operator and developer of industrial real estate, first serving as Chief Financial Officer, Americas, and then overseeing the U.S. tax department. Previously, she served as the Finance Director for Chicago Union Station Development Company, LLC, a real estate development company. From 2005 through 2006, Ms. Sherard served as Executive Vice President and Chief Financial Officer of Grubb & Ellis Company, a publicly-traded real estate services company. From 2002 through 2005, Ms. Sherard was the Chief Financial Officer and Senior Vice President of SiteStuff, Inc., a procurement solutions provider for the commercial real estate industry. Ms. Sherard is a CPA and earned a bachelor's degree from Northwestern University, a master of business administration from the University of Pennsylvania's Wharton School and a master's degree in tax from the University of Illinois. |

## **Table of Contents**

### **CORPORATE GOVERNANCE**

#### **Director Independence**

The Board of Directors has a majority of directors who are independent under the listing standards of the Nasdaq Global Select Market, or Nasdaq. The Nasdaq Marketplace Rules provide that a director of a BDC shall be considered to be independent if he or she is not an interested person of the Company, as defined in Section 2(a)(19) of the 1940 Act. Section 2(a)(19) of the 1940 Act defines an interested person to include, among other things, any person who has, or within the last two years had, a material business or professional relationship with the Company.

The Board of Directors has determined that the following directors are independent: Messrs. Anstiss (Nominee), Hyman and Mazzarino. Messrs. Ross (Nominee) and Lauer are interested persons due to their positions with the Company and/or our Investment Advisor, as discussed in their respective biographies. Based upon information requested and received from each director concerning their respective background, employment and affiliations, the Board of Directors has affirmatively determined that none of the independent directors has a material business or professional relationship with the Company, other than in his capacity as a member of the Board of Directors or any committee thereof.

#### **Meetings of the Board Committees**

The Board of Directors has established the Audit Committee and Nominating Committee. The Company does not have a separate compensation committee because its executive officers do not receive any direct compensation from the Company; however, the Audit Committee has been charged with carrying out the duties that would typically be addressed by a compensation committee. During 2016, the Board of Directors held 10 meetings, the Audit Committee held nine meetings and the Nominating Committee held two meetings. The Company encourages, but does not require, the directors to attend the Company's annual meeting of its stockholders. During 2016, all of our current directors attended 100% of the aggregate number of meetings of the Board of Directors and of the respective committees on which they served. All of our directors attended the 2016 annual meeting.

#### **Board Leadership Structure**

The Board of Directors monitors and performs an oversight role with respect to the business and affairs of the Company. Among other things, the Board of Directors approves the appointment of our Investment Advisor, administrator and officers, reviews and monitors the services and activities performed by our Investment Advisor, administrator and officers, approves annually the renewal of any investment advisory agreement with our Investment Advisor and approves the engagement, and reviews the performance of, the Company's independent registered public accounting firm.

Under the bylaws, the Board of Directors may designate a chairman to preside over the meetings of the Board of Directors and meetings of the stockholders and to perform such other duties as may be assigned to him by the Board of Directors. The Company does not have a fixed policy as to whether the chairman of the Board of Directors should be an independent director and believes that its flexibility to select its chairman and reorganize its leadership structure from time to time is in the best interests of the Company and its stockholders.

Presently, Mr. Ross serves as the chairman of the Board of Directors. Mr. Ross is an interested director because he is the Chief Executive Officer of the Company, serves on our Investment Advisor's investment committee and is a manager of our Investment Advisor. The Company believes that Mr. Ross's history with the Company, familiarity with the Fidus investment platform and extensive experience in the management of private equity and debt investments qualifies him to serve as chairman of the Board of Directors. Moreover, our Board of Directors believes that it is in the best interests of our stockholders for Mr. Ross to lead our Board of Directors because of his broad experience with the day-to-day management and operation of other investment funds and his significant background in the financial services industry, as described above.

## **Table of Contents**

Our Board of Directors does not have a lead independent director. We are aware of the potential conflicts that may arise when a non-independent director is Chairman of the Board, but believe these potential conflicts are offset by our strong corporate governance practices. Our corporate governance practices include regular meetings of the independent directors in executive session without the presence of interested directors and management, the establishment of an Audit and Compensation Committee and a Nominating and Corporate Governance Committee, each of which is comprised solely of independent directors, and the appointment of a Chief Compliance Officer, with whom the independent directors meet without the presence of interested directors and other members of management, for administering our compliance policies and procedures. Additionally, Mr. Anstiss, an independent director and the chairman of the Audit Committee, acts as a liaison between the independent directors and management between meetings of our Board of Directors and presides over regular executive sessions of the Board. Our Board of Directors believes that its leadership structure is appropriate in light of the Company's characteristics and circumstances because the structure allocates areas of responsibility among the individual directors and the committees in a manner that encourages effective oversight. Specifically, the Board believes that the relationship of Messrs. Ross and Lauer with our Adviser provides an effective bridge between the Board and management, and encourages an open dialogue between management and our Board, ensuring that these groups act with a common purpose. The members of our Board of Directors also believe that its small size creates a highly efficient governance structure that provides ample opportunity for direct communication and interaction between both the members of management and our Investment Advisor and our Board of Directors.

### **Board Role in Risk Oversight**

The Board of Directors performs its risk oversight function primarily through (a) its two standing committees, which report to the entire Board of Directors and are comprised solely of independent directors and (b) monitoring by the Company's Chief Compliance Officer in accordance with its compliance policies and procedures.

As described below in more detail under "Audit and Compensation Committee" and "Nominating and Corporate Governance Committee," the Audit Committee and the Nominating Committee assist the Board of Directors in fulfilling its risk oversight responsibilities. The Audit Committee's risk oversight responsibilities include overseeing the Company's accounting and financial reporting processes, the Company's systems of internal controls regarding finance and accounting and audits of the Company's financial statements and discussing with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies. The Nominating Committee's risk oversight responsibilities include selecting, researching and nominating directors for election by the Company's stockholders, developing and recommending to the Board of Directors a set of corporate governance principles and overseeing the evaluation of the Board of Directors and its committees. Both the Audit Committee and the Nominating Committee consist solely of independent directors.

The Board of Directors is assisted in its risk oversight responsibilities by the Chief Compliance Officer. The Company's Chief Compliance Officer prepares a written report annually discussing the adequacy and effectiveness of the compliance policies and procedures of the Company and certain of its service providers. The Chief Compliance Officer's report, which is reviewed by the Board of Directors, addresses at a minimum (a) the operation of the compliance policies and procedures of the Company and certain of its service providers since the last report; (b) any material changes to such policies and procedures since the last report; (c) any recommendations for material changes to such policies and procedures as a result of the Chief Compliance Officer's annual review; and (d) any compliance matter that has occurred since the date of the last report about which the Board of Directors would reasonably need to know to oversee the Company's compliance activities and risks. In addition, the Chief Compliance Officer meets separately in executive session with the independent directors periodically, but in no event less than once each year.

The Company believes that the Board of Directors' role in risk oversight is effective and appropriate given the extensive regulation to which it is already subject as a BDC. Specifically, as a BDC, the Company must

## **Table of Contents**

comply with certain regulatory requirements that control the levels of risk in its business and operations. For example, the Company's ability to incur indebtedness is limited such that its asset coverage must equal at least 200% immediately after each time it incurs indebtedness and the Company generally has to invest at least 70% of its total assets in qualifying assets as described in section 55 of the 1940 Act. In addition, the Company has elected to be treated as a regulated investment company, or RIC, under Subchapter M of the Internal Revenue Code of 1986, as amended. As a RIC, the Company must, among other things, meet certain income source and asset diversification requirements.

The Company believes that the Board of Directors' existing role in risk oversight is appropriate. However, the Company re-examines the manner in which the Board of Directors administers its oversight function on an ongoing basis to ensure that it continues to meet the Company's needs.

### **Audit and Compensation Committee**

The members of the Audit Committee are Messrs. Anstiss, Hyman and Mazzarino, each of whom is not an interested person and is otherwise independent for purposes of the 1940 Act and Nasdaq's corporate governance regulations. Since September 2011, Mr. Anstiss has served as chairman of the Audit Committee. Our board of directors has adopted a charter for the Audit Committee, which is available on our website at <http://investor.fidus.com/governance.cfm>.

The Audit Committee is responsible for approving our independent accountants and recommending them to the board of directors (including a majority of the independent directors) for approval and submission to the board of directors for ratification, reviewing with our independent accountants the plans and results of the audit engagement, approving professional services provided by our 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 the board of directors in determining the fair value of debt and equity securities that are not publicly traded or for which current market values are not readily available. The Audit Committee also currently receives input from independent valuation firms that have been engaged at the direction of the board of directors to value certain portfolio investments. In addition, the Audit Committee is responsible for discussing with management our major financial risk exposures and the steps management has taken to monitor and control such exposures, including our risk assessment and risk management policies.

The board of directors has determined that Mr. Anstiss is an audit committee financial expert within the meaning of the rules of the SEC. Mr. Anstiss acquired his financial expertise from his education and experience as a public accountant, his experience actively supervising financial officers of public companies and in his supervisory role at a public accounting firm and from his experience overseeing and assessing the performance of public accountants with respect to the preparation, auditing and evaluation of financial statements. Mr. Anstiss has consented to be named as an audit committee financial expert.

Because the Audit Committee is charged with approving our related-party transactions, the board of directors has determined not to create a separate compensation committee and instead has charged the Audit Committee with overseeing amounts payable to our advisor pursuant to the Advisory Agreement and the Administration Agreement, and making a recommendation to the board of directors with respect to the board's approval (including the approval of a majority of the directors who are not interested persons of the Company within the meaning of Section 2(a)(19) of the 1940 Act, as amended) of the renewal of the Advisory Agreement and the Administration Agreement.

The board of directors has determined not to create a separate compensation committee charter and instead has included applicable compensation charter provisions in the charter of the Audit Committee, which is available on our website at <http://investor.fidus.com/governance.cfm>. The Audit Committee charter sets forth the responsibilities of a compensation committee, including overseeing the Company's compensation policies,

**Table of Contents**

evaluating executive officer performance and reviewing and approving the compensation, if any, by the Company of its executive officers.

In reviewing and approving the compensation, if any, by the Company for each of the Company's executive officers, the Audit Committee will, among other things, consider corporate goals and objectives relevant to executive officer compensation, evaluate each executive officer's performance in light of such goals and objectives, and set each executive officer's compensation based on such evaluation and such other factors as the Audit Committee deems appropriate and in the best interests of the Company (including the cost to the Company of such compensation). Notwithstanding the foregoing, currently none of the Company's executive officers are directly compensated by the Company. However, the Company reimburses its administrator for the allocable portion of overhead and other expenses incurred by the administrator in performing its obligations under an administration agreement, including an allocable share of the compensation of certain of the Company's executive officers with finance and compliance responsibilities.

**Nominating Committee**

The members of the Nominating Committee are Messrs. Anstiss, Hyman and Mazzarino, each of whom is not an interested person and is otherwise independent for purposes of the 1940 Act and Nasdaq's corporate governance regulations. Mr. Hyman currently serves as chairman of the Nominating Committee. The Board of Directors has adopted a charter for the Nominating Committee, which is available on the Company's website at <http://investor.fidus.com/governance.cfm>.

The Nominating Committee is responsible for selecting, researching and nominating directors for election by the Company's stockholders, selecting nominees to fill vacancies on the Board of Directors or a committee of the Board of Directors, developing and recommending to the Board of Directors a set of corporate governance principles and overseeing the evaluation of the Board of Directors and its committees.

328

Total current liabilities

13,289

7,511

Deferred rent, non-current

80

-

Deferred tax liability, non-current

1,852

500

Total non-current liabilities

1,932

500

Total liabilities



15,221

8,011

## EQUITY

Common shares, par value \$0.01 per share, authorized 150,000,000

245

245

shares; 24,458,368 issued and outstanding

Additional paid-in capital

277,520

277,520

Accumulated other comprehensive loss

(21)

(30)

Accumulated deficit

(75,673)

(79,606)

Total equity

202,071

198,129

Total liabilities and equity

\$

217,292

\$

206,140

See notes to interim condensed consolidated financial statements.

Page | 1

---

## CRIMSON WINE GROUP, LTD.

## CONDENSED Consolidated INCOME Statements

For the three and nine months ended September 30, 2014 and 2013

(In thousands, except per share amounts)

(Unaudited)

|   | Three Months Ended<br>September 30, |           | Nine months ended<br>September 30, |           |
|---|-------------------------------------|-----------|------------------------------------|-----------|
|   | 2014                                | 2013      | 2014                               | 2013      |
| Net sales   | \$ 12,844                           | \$ 12,486 | \$ 40,412                          | \$ 39,713 |
| Cost of sales   | 5,904                               | 6,419     | 18,273                             | 20,915    |
| Gross profit  | 6,940                               | 6,067     | 22,139                             | 18,798    |
| Operating expenses:   |                                     |           |                                    |           |
| Sales and marketing   | 3,188                               | 3,434     | 9,780                              | 9,040     |
| General and administrative  | 2,231                               | 2,152     | 7,020                              | 6,998     |
| Administrative service fees paid to Leucadia National Corporation | -                                   | 24        | 9                                  | 84        |
| Total operating expenses  | 5,419                               | 5,610     | 16,809                             | 16,122    |
| Net gain on disposals of property and equipment                   | (44)                                | (23)      | (1,864)                            | (688)     |
| Income from operations  | 1,565                               | 480       | 7,194                              | 3,364     |
| Other income (expense):   |                                     |           |                                    |           |
| Interest expense  | (38)                                | (39)      | (114)                              | (863)     |
| Other income (expense), net                                       | (219)                               | 4         | (376)                              | 232       |
| Total other income (expense), net                                 | (257)                               | (35)      | (490)                              | (631)     |
| Income before income taxes  | 1,308                               | 445       | 6,704                              | 2,733     |
| Income tax provision  | 609                                 | 38        | 2,771                              | 114       |
| Net income  | \$ 699                              | \$ 407    | \$ 3,933                           | \$ 2,619  |
| Basic and fully diluted weighted-average shares outstanding       | 24,458                              | 24,458    | 24,458                             | 24,458    |

|  |         |         |         |         |
|--|---------|---------|---------|---------|
| Basic and fully diluted earnings per share | \$ 0.03 | \$ 0.02 | \$ 0.16 | \$ 0.11 |
|--|---------|---------|---------|---------|

See notes to interim condensed consolidated financial statements.

Page | 2

---

CRIMSON WINE GROUP, LTD.

CONDENSED Consolidated Statements of COMPREHENSIVE INCOME

For the three and nine months ended September 30, 2014 and 2013

(In thousands)

(Unaudited)

|   | Three Months<br>Ended<br>September 30,<br>2014 |        | Nine months<br>ended<br>September 30,<br>2013 |          |
|---|--|--------|---|----------|
| Net income  | \$ 699   | \$ 407 | \$ 3,933                                      | \$ 2,619 |
| Other comprehensive income (loss):  |  |        |   |          |
| Net unrealized holding gains (losses) on<br>investments arising during the period, net of tax | (23)   | -      | 9   | (44)     |
| Comprehensive income  | \$ 676   | \$ 407 | \$ 3,942                                      | \$ 2,575 |

See notes to interim condensed consolidated financial statements.

Page | 3





## CRIMSON WINE GROUP, LTD.

## CONDENSED Consolidated Statements of Cash Flows

For the nine months ended September 30, 2014 and 2013

(In thousands)

(Unaudited)

|  | 2014      | 2013      |
|--|-----------|-----------|
| Net cash flows from operating activities:  |           |           |
| Net income   | \$ 3,933  | \$ 2,619  |
| Adjustments to reconcile net income to net cash provided by operations:              |           |           |
| Depreciation and amortization of property and equipment                              | 4,072     | 3,999     |
| Amortization of intangible assets  | 1,136     | 1,136     |
| Leucadia National Corporation and its affiliates interest expense added to principal | -         | 572       |
| Loss on write-down of inventory  | 169       | -         |
| Net gain related to disposals of property and equipment                              | (1,864)   | (688)     |
| Deferred rent  | 80        |           |
| Provision for deferred income taxes  | 2,500     | -         |
| Net change in:   |           |           |
| Accounts receivable  | 179       | (26)      |
| Inventory  | (7,947)   | (2,588)   |
| Other current assets   | (19)      | 21        |
| Other non-current assets   | -         | (315)     |
| Accounts payable and expense accruals  | 4,543     | 3,362     |
| Customer deposits  | 1,235     | 1,475     |
| Net cash provided by operating activities  | 8,017     | 9,567     |
| Net cash flows from investing activities:  |           |           |
| Purchase of investments available for sale   | (7,000)   | (8,750)   |
| Redemptions of investments available for sale  | 3,000     | -         |
| Acquisition of property and equipment  | (3,744)   | (5,324)   |
| Proceeds from disposals of property and equipment                                    | 3,988     | 1,788     |
| Net cash used for investing activities   | (3,756)   | (12,286)  |
| Net cash flows from financing activities:  |           |           |
| Reduction of debt  | -         | (1,700)   |
| Capital contribution by Leucadia National Corporation                                | -         | 14,175    |
| Net cash provided by financing activities  | -         | 12,475    |
| Net increase in cash and cash equivalents  | 4,261     | 9,756     |
| Cash and cash equivalents at January 1   | 13,269    | 5,704     |
| Cash and cash equivalents at September 30  | \$ 17,530 | \$ 15,460 |

## Supplemental disclosure of cash flow information:

Cash paid during the period for:

Edgar Filing: FIDUS INVESTMENT Corp - Form DEF 14A

|  |        |            |
|--|--------|------------|
| Interest   | \$ 114 | \$ 202     |
| Income taxes   | \$ 328 | \$ 129     |
| Non-cash financing activity:                                 |        |            |
| Conversion of accrued interest to long-term debt             | \$ -   | \$ 572     |
| Conversion of due to Leucadia National Corporation to equity | \$ -   | \$ 151,043 |
| Unrealized holding gains (losses) on investments             | \$ 9   | \$ (44)    |

See notes to interim condensed consolidated financial statements.

Page | 4

---

## CRIMSON WINE GROUP, LTD.

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended September 30, 2014 and 2013

(In thousands)

(Unaudited)

|   | Common<br>Shares<br>\$0.01<br>Par Value | Additional<br>Paid-In<br>Capital | Accumulated<br>Other<br>Comprehensive<br>Loss | Accumulated<br>Deficit | Total      |
|---|---|----------------------------------|---|------------------------|------------|
| Balance, January 1, 2013                | \$ 245                                  | \$ 112,302                       | \$ -  | \$ (86,714)            | \$ 25,833  |
| Net income                              |   |                                  |   | 2,619                  | 2,619      |
| Other comprehensive loss                | -                                       | -                                | (44)  | -                      | (44)       |
| Cash capital contribution upon spin-off | -                                       | 14,175                           | -   | -                      | 14,175     |
| Debt conversion to equity upon spin-off | -                                       | 151,043                          | -   | -                      | 151,043    |
| Balance, September 30, 2013             | \$ 245                                  | \$ 277,520                       | \$ (44)                                       | \$ (84,095)            | \$ 193,626 |
| Balance, January 1, 2014                | \$ 245                                  | \$ 277,520                       | \$ (30)                                       | \$ (79,606)            | \$ 198,129 |
| Net income                              |   |                                  |   | 3,933                  | 3,933      |
| Other comprehensive income              | -                                       | -                                | 9   | -                      | 9          |
| Balance, September 30, 2014             | \$ 245                                  | \$ 277,520                       | \$ (21)                                       | \$ (75,673)            | \$ 202,071 |

See notes to interim condensed consolidated financial statements.

Page | 5

CRIMSON WINE GROUP, LTD.

Notes to Interim Condensed Consolidated Financial Statements

1.Explanatory Note:

Crimson Wine Group, Ltd. (“Crimson”) is a Delaware company that has been operating since 1991. As used herein, the term “Company” refers to Crimson and its wholly-owned subsidiaries, except as the context may otherwise require. Prior to February 25, 2013, Crimson was a wholly-owned subsidiary of Leucadia National Corporation (“Leucadia”). On February 1, 2013, Leucadia declared a pro rata dividend to Leucadia’s common shareholders of all of the outstanding shares of Crimson’s common stock in a manner that was structured to qualify as a tax-free spin-off for U.S. federal income tax purposes (the “Distribution”). Leucadia’s common shareholders received one share of Crimson common stock for every ten common shares of Leucadia (24,458,368 Crimson common shares in the aggregate), with cash in lieu of fractional shares, on February 25, 2013. The consolidated financial statements and notes thereto give retroactive effect to the Distribution for the nine months ended September 30, 2013.

Crimson qualifies as an “emerging growth company” as defined in the Jumpstart Our Business Startups Act (the “JOBS Act”). An emerging growth company is defined as a company with total annual gross revenues of less than \$1 billion in its most recently completed fiscal year. An emerging growth company will retain such status until the earliest of: (1) the last day of the fiscal year of the emerging growth company following the fifth anniversary of the date it first sold common equity securities pursuant to an effective registration statement under the Securities Act of 1933, as amended; (2) the last day of the fiscal year in which the emerging growth company first had total annual gross revenues of \$1 billion or more (indexed pursuant to the JOBS Act); (3) the date on which the emerging growth company is deemed to be a “large accelerated filer” as defined in Rule 12b-2 promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), (i.e., an SEC registered company with a public float of at least \$700 million that satisfies other tests); or (4) the date on which the emerging growth company has, within the previous three years, issued more than \$1 billion of nonconvertible debt. Crimson has elected to opt out of the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act. This election is irrevocable.

2.Significant Accounting Policies:

The unaudited interim condensed consolidated financial statements, which reflect all adjustments (consisting of normal recurring items or items discussed herein) that management believes necessary to fairly state results of interim operations, should be read in conjunction with the Notes to Consolidated Financial Statements (including the Significant Accounting Policies) included in the Company’s audited consolidated financial statements for the year ended December 31, 2013, as filed with the Securities and Exchange Commission (the “SEC”) on Form 10-K (the “2013

Report”). Results of operations for interim periods are not necessarily indicative of annual results of operations. The condensed consolidated balance sheet at December 31, 2013 was extracted from the audited annual financial statements and does not include all disclosures required by accounting principles generally accepted in the United States of America (“GAAP”) for annual financial statements.

Net gain on the disposal of property and equipment previously reported was reclassified as a component of income from operations to conform with current year's presentation. The reclassification has no impact on previously reported net income, cash flow or equity.

Effective January 1, 2013, the Company adopted amended Financial Accounting Standards Board (the “FASB”) guidance for indefinite lived intangible asset impairment testing. The amended guidance allows an entity to assess qualitative factors to determine whether the existence of events and circumstances indicate that it is more likely than not that an indefinite lived intangible asset is impaired. If an entity concludes it is

Page | 6

---

not more likely than not that an indefinite lived intangible asset is impaired, the entity is not required to take further action. If an entity concludes otherwise, then the entity would be required to determine the fair value of the indefinite lived intangible asset and compare the fair value with the carrying amount of the indefinite lived intangible asset. The Company adopted this amended guidance for its annual and interim periods beginning January 1, 2013. The adoption of this amended guidance did not have a significant impact on the Company's consolidated financial statements.

In April 2014, the FASB issued changes to reporting discontinued operations and disclosure of disposals of components of an entity. These changes require a disposal of a component to meet a higher threshold in order to be reported as a discontinued operation in an entity's financial statements. The threshold is defined as a strategic shift that has, or will have, a major effect on an entity's operations and financial results such as a disposal of a major geographical area or a major line of business. Additionally, the following two criteria have been removed from consideration of whether a component meets the requirements for discontinued operations presentation: (i) the operations and cash flows of a disposal component have been or will be eliminated from the ongoing operations of an entity as a result of the disposal transaction, and (ii) an entity will not have any significant continuing involvement in the operations of the disposal component after the disposal transaction. Furthermore, equity method investments now may qualify for discontinued operations presentation. These changes also require expanded disclosures for all disposals of components of an entity, whether or not the threshold for reporting as a discontinued operation is met, related to profit or loss information and/or asset and liability information of the component. These changes become effective for the Company on January 1, 2015. Management has determined that the adoption of these changes will not have an immediate impact on the Company's consolidated financial statements.

In May 2014, the FASB issued changes to the recognition of revenue for contracts with customers. These changes created a comprehensive framework for all entities in all industries to apply in the determination of when to recognize revenue, and, therefore, supersede virtually all existing revenue recognition requirements and guidance. This framework is expected to result in less complex guidance in application while providing a consistent and comparable methodology for revenue recognition. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this principle, an entity should apply the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract(s), (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract(s), and (v) recognize revenue when, or as, the entity satisfies a performance obligation. These changes become effective for the Company on January 1, 2017. Management is currently evaluating the potential impact of these changes on the Company's consolidated financial statements.

In August 2014, the FASB issued guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if "conditions or events raise substantial doubt about [the] entity's ability to continue as a going concern." These changes apply to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. Management has determined that the adoption of these changes will not have a significant impact on the Company's consolidated financial statements.

3.Inventory:

A summary of inventory at September 30, 2014 and December 31, 2013 is as follows (in thousands):

Page | 7

---



|                                 | 2014<br>(Unaudited) | 2013      |
|---------------------------------|---------------------|-----------|
| Case wine                       | \$ 29,794           | \$ 21,667 |
| Bulk wine                       | 22,040              | 22,280    |
| Packaging and bottling supplies | 237                 | 346       |
|                                 | \$ 52,071           | \$ 44,293 |

Bulk wine inventory includes cost of growing grapes not yet harvested as of September 30, 2014, all of which will be harvested as of the end of the fiscal year.

#### 4. Property and Equipment:

A summary of property and equipment at September 30, 2014 and December 31, 2013 is as follows (in thousands):

|   | Depreciable<br>Lives<br>(in years) | 2014<br>(Unaudited) | 2013       |
|---|------------------------------------|---------------------|------------|
| Land and improvements                     | N/A                                | \$ 39,497           | \$ 41,580  |
| Buildings and improvements                | 20-40                              | 44,550              | 44,446     |
| Vineyards and improvements                | 7-25                               | 35,692              | 35,178     |
| Winery and vineyard equipment             | 3-25                               | 24,152              | 24,270     |
| Caves                                     | 20-40                              | 5,638               | 5,638      |
| Vineyards under development               | N/A                                | 1,744               | 1,338      |
| Construction in progress                  | N/A                                | 2,363               | 311        |
|   |                                    | 153,636             | 152,761    |
| Accumulated depreciation and amortization |                                    | (47,052)            | (43,725)   |
|   |                                    | \$ 106,584          | \$ 109,036 |

For the nine months ended September 30, 2014 and 2013, depreciation expense was \$4,072,000 and \$3,999,000, respectively, with \$3,418,000 and \$3,369,000, respectively, capitalized into inventory and \$654,000 and \$630,000, respectively, charged to the consolidated income statements.

For the three months ended September 30, 2014 and 2013, depreciation expense was \$1,344,000 and \$1,301,000, respectively, with \$1,125,000 and \$1,089,000, respectively, capitalized into inventory and \$219,000 and \$212,000, respectively, charged to the consolidated income statements.

5. Financial Instruments:

The Company's material financial instruments include cash and cash equivalents and investments classified as available for sale; investments classified as available for sale are the only assets or liabilities that are measured at fair value on a recurring basis. All of the Company's investments mature within three years or less. The par value, amortized cost, gross unrealized gains and losses and estimated fair value of investments classified as available for sale as of September 30, 2014 and December 31, 2013 are as follows (in thousands):

Page | 8

---

|                         | Par Value | Amortized Cost | Gross Unrealized Losses | Quoted Prices in Active Markets for Identical Assets (Level 1) | Total Fair Value Measurements |
|-------------------------|-----------|----------------|-------------------------|--|-------------------------------|
| September 30, 2014      |           |                |                         |  |                               |
| Certificates of Deposit | \$ 14,500 | \$ 14,500      | \$ (21)                 | \$ 14,479  | \$ 14,479                     |

December 31, 2013

|                         |           |           |         |           |           |
|-------------------------|-----------|-----------|---------|-----------|-----------|
| Certificates of Deposit | \$ 10,500 | \$ 10,500 | \$ (30) | \$ 10,470 | \$ 10,470 |
|-------------------------|-----------|-----------|---------|-----------|-----------|

As of September 30, 2014 and December 31, 2013, the Company did not have any assets or liabilities measured at fair value on a nonrecurring basis.

For cash and cash equivalents, the carrying amounts of such financial instruments approximate their fair values.

The Company does not invest in any derivatives or engage in any hedging activities.

#### 6. Intangible and Other Non-Current Assets:

A summary of intangible and other non-current assets at September 30, 2014 and December 31, 2013 is as follows (in thousands):

|   | 2014<br>(Unaudited) | 2013      |
|---|---------------------|-----------|
| Brand, net of accumulated amortization of \$3,431 and \$2,659                 | \$ 14,069           | \$ 14,841 |
| Distributor relationships, net of accumulated amortization of \$619 and \$480 | 1,981               | 2,120     |
| Customer relationships, net of accumulated amortization of \$905 and \$700    | 995                 | 1,200     |
| Legacy permits, net of accumulated amortization of \$60 and \$46              | 190                 | 204       |
| Other, net of accumulated amortization of \$60 and \$54                       | 449                 | 455       |
|   | \$ 17,684           | \$ 18,820 |

Amortization expense on intangible assets was \$1,136,000 and \$379,000 for each of the nine and three month periods ended September 30, 2014 and 2013, respectively. The estimated aggregate future amortization expense for the intangible assets is \$378,000 for the remainder of 2014 and \$1,514,000 for each of the four years after 2014.

#### 7. Due to Leucadia and its Affiliates:

On February 25, 2013, the remaining balance of \$151,043,000 due to Leucadia and its affiliates was contributed by Leucadia to the capital of the Company. Interest expense related to Leucadia and its affiliates was zero and \$783,000 for the nine months ended September 30, 2014 and 2013, respectively.

Effective March 1, 2013, the Company entered into an administrative service agreement with Leucadia. Pursuant to this agreement, Leucadia provided certain administrative, SEC, tax filing and accounting services, including providing the services of the Company's Corporate Secretary, for a monthly fee of \$15,000.

Page | 9

---

Effective August 1, 2013, Leucadia and the Company agreed to amend the administrative service agreement to reduce the administrative services provided to the Company by Leucadia and correspondingly reduce the monthly fee from \$15,000 to \$4,500. The amendment also provided that the administrative services agreement would terminate in full in February 2014, which it did. Administrative services fees expense was \$9,000 and \$84,000 for the nine month periods ended September 30, 2014 and 2013, respectively, and zero and \$24,000 for the three month periods ended September 30, 2014 and 2013, respectively.

In March 2013, pursuant to the separation agreement entered into with Leucadia, Leucadia paid \$14,175,000 to Crimson as a capital contribution. No additional capital contributions from Leucadia are required or anticipated to be made.

#### 8. Debt:

In March 2013, Crimson entered into a \$60,000,000 revolving credit facility with American AgCredit, FLCA, as agent for the lenders identified in the revolving credit facility, comprised of a revolving loan facility and a term revolving loan facility, which together is secured by substantially all of Crimson's assets. The revolving credit facility is for up to \$10,000,000 of availability in the aggregate for a five year term, and the term revolving credit facility is for up to \$50,000,000 in the aggregate. All obligations of Crimson under the revolving credit facility are collateralized by certain real property, including vineyards and certain winery facilities of Crimson, accounts receivable, inventory and intangible assets. Covenants include the maintenance of specified debt and equity ratios, limitations on the incurrence of additional indebtedness, limitations on dividends and other distributions to shareholders and restrictions on certain mergers, consolidations and sales of assets. In addition to unused line fees ranging from 0.25% to 0.375%, rates for the borrowings are priced based on a performance grid tied to certain financial ratios and the London Interbank Offered Rate, and would have been 1.657% to 1.955% at September 30, 2014. The revolving credit facility can be used to fund acquisitions, capital projects and other general corporate purposes. No amounts have been borrowed under the facility to date.

#### 9. Stockholders' Equity:

In March 2014, the Board of Directors of Crimson authorized a share repurchase program that provides for the repurchase of up to \$2,000,000 of outstanding common stock. At September 30, 2014, no stock had been repurchased.

#### 10. Revenues and Gross Profit:

The Company generates revenues from sales of wine to wholesalers and direct to consumers, sales of bulk wine and grapes, special event fees, tasting fees and retail sales. Revenues and gross profit for the three and nine months ended September 30, 2014 and 2013 are as follows (in thousands):

Page | 10

---

|  | Three months ended<br>September 30, |           | Nine months ended<br>September 30, |           |
|--|-------------------------------------|-----------|------------------------------------|-----------|
|  | 2014                                | 2013      | 2014                               | 2013      |
|  | (Unaudited)(Unaudited)              |           | (Unaudited)(Unaudited)             |           |
| Revenues:  |                                     |           |                                    |           |
| Wholesalers  | \$ 7,450                            | \$ 7,513  | \$ 24,228                          | \$ 24,178 |
| Direct to consumers                                    | 4,280                               | 3,795     | 13,728                             | 12,916    |
| Bulk wine and grape sales, event fees and retail sales | 1,114                               | 1,178     | 2,456                              | 2,619     |
|  | \$ 12,844                           | \$ 12,486 | \$ 40,412                          | \$ 39,713 |
| Gross profit:  |                                     |           |                                    |           |
| Wholesalers  | \$ 3,725                            | \$ 3,323  | \$ 12,016                          | \$ 10,682 |
| Direct to consumers                                    | 3,087                               | 2,409     | 9,585                              | 7,980     |
| Bulk wine and grape sales, event fees and retail sales | 297                                 | 335       | 707                                | 136       |
| Inventory write-down                                   | (169)                               | -         | (169)                              | -         |
|  | \$ 6,940                            | \$ 6,067  | \$ 22,139                          | \$ 18,798 |

Excise taxes of \$220,000 and \$225,000 for the three months ended September 30, 2014 and 2013, respectively, and \$748,000 and \$731,000 for the nine months ended September 30, 2014 and 2013, respectively, were recognized as a reduction to wine sales.

#### 11. Income Taxes:

The Company does not have any amounts in its consolidated balance sheet for unrecognized tax benefits related to uncertain tax positions at September 30, 2014 and December 31, 2013. As discussed in the 2013 Report, the Company will not be required to reimburse Leucadia for any payments made by Leucadia for adjustments to taxable periods prior to the Distribution, nor will the Company be entitled to any refunds for adjustments to taxable periods prior to the Distribution. The Company is responsible for any adjustments or liabilities related to its California state income tax return for all periods, and its Federal income tax return for all periods subsequent to the Distribution. The statute of limitations with respect to California state income tax returns has expired for all years through 2008.

#### 12. Subsequent Event:

During the third quarter of 2014, the Company entered into an agreement to purchase approximately 24 gross acres of land, with approximately 20 acres of plantable land, with vineyards, improvements and a home located in Sonoma County, California for a price of \$2,600,000.00 payable in cash. Included in the plantable acres is approximately 13 acres of land planted in or about 1916 that has produced fruit historically bottled in high value "Old Vine" Zinfandel programs. The transaction closed subsequent to September 30, 2014 and prior to the issuance of the third quarter financial statements.

Subsequent to September 30, 2014, the Company announced the resignation of the President and Chief Executive Officer and a Severance Agreement and General Release of All Claims in which the Company agreed to pay severance in an amount equal to \$750,000 in exchange for a customary general release. The agreement was entered into prior to the issuance of the third quarter financial statements.

Page | 11

---



## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Interim Operations.

Statements included in this Report may contain forward-looking statements. See "Cautionary Statement for Forward-Looking Information" below. The following should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations included in the 2013 Report.

### Seasonality

As discussed in the 2013 Report, the wine industry in general historically experiences seasonal fluctuations in revenues and net income. The Company typically has lower sales and net income during the first quarter and higher sales and net income during the fourth quarter. The Company anticipates similar trends in 2014.

### Liquidity and Capital Resources

#### General

Crimson's principal sources of liquidity are its available cash, funds generated from operations and its revolving credit facility. In March 2013, Crimson entered into a \$60,000,000 revolving credit facility with American AgCredit, FLCA, as agent for the lenders identified in the revolving credit facility, comprised of a revolving loan facility and a term revolving loan facility, which together is secured by substantially all of Crimson's assets. The revolving credit facility is for up to \$10,000,000 of availability in the aggregate for a five year term, and the term revolving credit facility is for up to \$50,000,000 in the aggregate. All obligations of Crimson under the revolving credit facility are collateralized by certain real property, including vineyards and certain winery facilities of Crimson, accounts receivable, inventory and intangible assets. Covenants include the maintenance of specified debt and equity ratios, limitations on the incurrence of additional indebtedness, limitations on dividends and other distributions to shareholders and restrictions on certain mergers, consolidations and sales of assets. In addition to unused line fees ranging from 0.25% to 0.375%, rates for the borrowings are priced based on a performance grid tied to certain financial ratios and the London Interbank Offered Rate, and would have been 1.657% to 1.955% at September 30, 2014. The facility can be used to fund acquisitions, capital projects and other general corporate purposes. No amounts have been borrowed under the facility to date.

Prior to the Distribution, Crimson relied upon Leucadia for debt financing and equity contributions for all of its liquidity needs. As of February 25, 2013, the aggregate amount payable by Crimson to Leucadia and its affiliates was \$151,043,000, all of which was contributed to Crimson as capital prior to the Distribution. As a result, in the quarters subsequent to the first quarter of 2013, Crimson did not record interest expense relating to this Leucadia financing.

In March 2013, pursuant to the separation agreement entered into with Leucadia, Leucadia paid \$14,175,000 to Crimson as a capital contribution. No additional capital contributions from Leucadia are required or anticipated to be made.

As of September 30, 2014, Crimson's commitments for capital expenditures were not material. As described in footnote 12 of the financial statement, Crimson acquired a \$2,600,000 property that includes vineyards and as such, when added to the \$5,400,000 of expected capital spend reported previously, Crimson now expects to spend approximately \$8,000,000 for capital expenditures and acquisitions during 2014. In addition to the \$2,600,000 property acquisition, \$1,100,000 is for technology enhancements related to growth, including infrastructure expansion and to enhance capabilities now expected by consumers, including mobile commerce. As such, these expenditures do not relate to required maintenance or similar costs to sustain our existing operations. The remaining \$4,300,000 is for vineyard development, barrel purchases and other winery and facility improvements. Crimson expects to use its available cash and cash flows generated from operating activities to fund its capital expenditures and acquisitions. Capital expenditure through September 30, 2014 were \$3,744,000, which excludes the land transaction which closed subsequent to September 30, 2014.

In March, 2014, the board of directors of Crimson authorized a stock repurchase program pursuant to which the Company may repurchase up to \$2 million of the Company's common stock. The repurchases will be funded by available cash. How much common stock, if any, will be repurchased will depend on market conditions, including the price of the common stock. At September 30, 2014, no stock had been repurchased.

## Consolidated Statements of Cash Flows

Net cash provided by operating activities was \$8,004,000 and \$9,567,000 for the nine months ended September 30, 2014 and 2013, respectively. Cash flows from operating activities decreased during 2014 as compared to 2013, principally due to timing of the current year harvest and increased grape purchases for growth, resulting in more costs incurred in the third quarter in 2014 as compared to 2013, increased grape purchases in 2014 as compared to 2013, related to the prior year harvest, and increased payments for income taxes, partially offset by increased operating income.

Net cash provided by operating activities also reflects less interest paid to Leucadia. Interest paid to Leucadia was zero and \$122,000 during the nine months ended September 30, 2014 and 2013, respectively.

Net cash used for investing activities was \$3,743,000 and \$12,286,000 for the nine months ended September 30, 2014 and 2013, respectively. Acquisition of property, equipment and leasehold improvements decreased in the first nine months of 2014 as compared to the first nine months of 2013, principally due to the 2013 capacity expansion at Seghesio Family Vineyards. 2014 proceeds from disposals of property and equipment include \$3,902,000, net of related selling fees, from the sale of an unplanted parcel of land and 2013 proceeds include \$1,754,000 from the sale of a non-strategic vineyard. In addition, \$7,000,000 and \$8,750,000 for the nine months ended September 30, 2014 and 2013, respectively, was used for investing in FDIC insured U.S. Certificates of Deposit. The nine months ended September 30, 2014 include \$3,013,000 of matured FDIC insured U.S. Certificates of Deposit.

Net cash provided by financing activities reflects \$1,700,000 of principal payments on debt to Leucadia and the Leucadia capital contribution of \$14,175,000, discussed above, for the nine months ended September 30, 2013.

## Results of Operations

### Overview

The Company generates revenues from sales of wine to wholesalers and direct to consumers, sales of bulk wine and grapes, special event fees, tasting fees and retail sales. Revenues, gross profit and income from operations for the three and nine months ended September 30, 2014 and 2013 are as follows (in thousands):

Edgar Filing: FIDUS INVESTMENT Corp - Form DEF 14A

|  | Three months ended |          | Nine months ended |           |
|--|--------------------|----------|-------------------|-----------|
|  | September 30,      |          | September 30,     |           |
|  | 2014               | 2013     | 2014              | 2013      |
| Revenues:  |                    |          |                   |           |
| Wholesalers  | \$ 7,450           | \$ 7,513 | \$ 24,228         | \$ 24,178 |
| Direct to consumers                                    | 4,280              | 3,795    | 13,728            | 12,916    |
| Bulk wine and grape sales, event fees and retail sales | 1,114              | 1,178    | 2,456             | 2,619     |
|  | 12,844             | 12,486   | 40,412            | 39,713    |
| Gross profit:  |                    |          |                   |           |
| Wholesalers  | 3,725              | 3,323    | 12,016            | 10,682    |
| Direct to consumers                                    | 3,087              | 2,409    | 9,585             | 7,980     |
| Bulk wine and grape sales, event fees and retail sales | 297                | 335      | 707               | 136       |
| Inventory write-down                                   | (169)              | -        | (169)             | -         |

Page | 13

---

Edgar Filing: FIDUS INVESTMENT Corp - Form DEF 14A

|   |          |        |          |          |
|---|----------|--------|----------|----------|
|   | 6,940    | 6,067  | 22,139   | 18,798   |
| Operating expenses:   |          |        |          |          |
| Sales and marketing   | 3,188    | 3,434  | 9,780    | 9,040    |
| General and administrative  | 2,231    | 2,152  | 7,020    | 6,998    |
| Administrative service fees paid to Leucadia National Corporation | -        | 24     | 9        | 84       |
|   | 5,419    | 5,610  | 16,809   | 16,122   |
| Net gain related to disposals of property and equipment           | (44)     | (23)   | (1,864)  | (688)    |
| Income from operations  | \$ 1,565 | \$ 480 | \$ 7,194 | \$ 3,364 |

Crimson's wines are primarily sold to distributors, who then sell to retailers and restaurants. As permitted under federal and local regulations, Crimson has also been placing increased emphasis on generating revenue from direct sales to consumers which occur through wine clubs, at the wineries' tasting rooms and through the internet. Direct sales to consumers are more profitable for Crimson as it is able to sell its products at a price closer to retail prices rather than the wholesale price received from distributors. From time to time Crimson may sell grapes or bulk wine because the wine does not meet the quality standards for Crimson's products, market conditions have changed resulting in reduced demand for certain products, or because Crimson may have produced more of a particular varietal than it can use. When these sales occur they may result in a loss.

Cost of sales includes grape and bulk wine costs, whether purchased or produced from Crimson's controlled vineyards, crush costs, winemaking and processing costs, bottling, packaging, warehousing and shipping and handling costs. For vineyard produced grapes, grape costs include annual farming costs and amortization of vineyard development expenditures. For wines that age longer than one year, winemaking and processing costs continue to be incurred and capitalized to the cost of wine, which can range from 3 to 36 months. Reductions to the carrying value of inventories to estimated net realizable value are also included in costs of sales.

At September 30, 2014, wine inventory includes approximately 864,000 cases of bottled and bulk wine in various stages of the aging process. Case wine is expected to be sold over the next 12 to 36 months and generally before the release date of the next vintage.

## Income Statement

Consolidated Operations – Three months ended September 30, 2014 and 2013

Revenues increased for the three months ended September 30, 2014 as compared to 2013 as a result of a \$485,000 increase in direct to consumer revenue, partially offset by a \$63,000 decrease in wholesale revenue accompanied by a \$64,000 decrease in bulk wine, grape and other non-wine sales. Direct to consumer revenue increase is primarily driven by a \$720,000 increase in Wine Club revenue, as a result of an increase in case volume and revenue per case, and a \$42,000 increase in Special Events Revenue, partially offset by a \$176,000 decrease in E-Commerce revenue and a \$101,000 decrease in Tasting Room revenue, as a result of timing of sales initiatives and the intentional allocation of available product. Gross profit increased \$873,000 in the three months ended September 30, 2014 as compared to 2013 reflecting certain price increases, a decrease in cost of goods sold per case predominately attributable to lower costs specific to newly released vintages for certain wines, and lower costs for direct to consumer freight. In addition to changes in wine revenues, gross profit also reflects net losses on sales of bulk wine and grapes of \$107,000 and \$47,000 for the three months ended September 30, 2014 and 2013, respectively, and an inventory write-down of \$169,000 for the three months ended September 30, 2014, related to wine for a new product launch that was abandoned and the wine reallocated to a private label program to one retail account.

Crimson's sales and marketing expenses have a variable component that tends to correspond to changes in sales volume, though due to Company strategic decisions during 2014, that dependent relationship didn't prove true in

Page | 14

the third quarter. Sales and marketing expenses decreased \$246,000 for the three months ended September 30, 2014 as compared to 2013, which includes a decrease of \$359,000 in variable cost components offset partially by an increase of \$113,000 in fixed cost components. Decrease in variable sales and marketing expenses were primarily attributable to a decrease in broker commissions, due to the replacement of a broker in a top 5 U.S. market, and wholesale samples. Increases in fixed sales and marketing expenses were primarily due to increased compensation related expense of \$105,000 and travel related expense of \$59,000, to accommodate growth and replace a significant broker in a top 5 U.S. market, offset partially by timing of promotional material costs pertinent to new labels and marketing initiatives.

General and administrative expenses increased \$79,000 in the three months ended September 30, 2014 as compared to 2013, principally due to a \$49,000 increase in employee compensation as a result of strategic hires to manage growth, \$58,000 in new corporate office lease expenses, which commenced during the third quarter of 2014 and terminates in 2020, and \$35,000 increase in consulting expense related to technological enhancement. This is partially offset by a \$43,000 decrease in contract services, a result of bringing IT services in house, and a decrease of \$22,000 in executive legal fees, due to timing of services provided.

Income tax expense for the three months ended September 30, 2014 reflects the recognition of statutory income taxes, which was primarily reflected as a component of the valuation allowance for the three months ended September 30, 2013. Further, during the third quarter of 2014 it was determined that sufficient evidence supported decreasing the valuation allowance by \$141,000.

## Income Statement

### Consolidated Operations – Nine months ended September 30, 2014 and 2013

Revenues increased for the nine months ended September 30, 2014 as compared to 2013 primarily as a result of a shift in product mix across brands and channels, slightly offset by a decrease in bulk wine, grape and other non-wine sales. Wholesale revenues increased \$50,000 for the nine months ended September 30, 2014, primarily attributable to the domestic market with a partial offset in the export market. Direct to consumer revenue increased \$812,000 for the nine months ended September 30, 2014 as compared to 2013 as a result of a wine revenue increase of \$1,123,000 in Wine Club, primarily attributable to an increase in wine club membership, an increase in sales volume and an overall increase in price point for wine included in shipments across all brands, and a \$126,000 increase in Special Events wine revenue, partially offset by a \$303,000 decrease in E-Commerce wine revenue and a \$134,000 decrease in Tasting Room wine revenue, primarily a result of timing of sales initiatives and intentional allocation of available product. In addition, bulk wine and grape sales decreased \$256,000, which is partially offset by an increase in non-wine revenue, including tasting fees and special events, of \$93,000.

Sales and marketing expenses increased \$740,000 for the nine months ended September 30, 2014 as compared to 2013, which include a \$91,000 increase in variable cost components and a \$649,000 increase in fixed cost components. Variable cost increases were primarily due to increases in event expenses, and distributor initiatives and company-wide sales promotional activities, as a result of timing of current year planned initiatives, partially offset by

a decrease in broker commissions, due to timing and the terminated broker relationship which concluded March 31, 2014, and wholesale samples. Fixed sales and marketing expenses increased primarily due to increased compensation related expense of \$564,000 and travel related expense of \$66,000, to accommodate growth and replace a significant broker in a top 5 U.S. market, internet redesign costs of \$55,000, increased contract services of \$66,000 for certain technology related to the wholesale channel, partially offset by a \$102,000 decrease for promotional material costs pertinent to new labels and marketing initiatives.

General and administrative expenses increased \$22,000 in the nine months ended September 30, 2014 as compared to 2013, principally due to a \$139,000 increase in SEC related expense, primarily related to the proxy and annual report costs not incurred in 2013, a \$126,000 increase in travel related expense as a result of research and long term planning initiatives, an \$85,000 increase in consulting expense related to technological enhancements, \$58,000 in new costs for lease related expense pertaining to the corporate office lease commencing during the third quarter of 2014, and an \$18,000 increase in other taxes related to standalone franchise



requirements for nine months of 2014 as compared to 7 months of 2013. This is partially offset by a \$269,000 decrease in employee compensation, as a result of \$450,000 executive bonuses paid in June 2013 approved by the Crimson board of directors in relation to the spin-off offset by 2014 strategic hires to manage growth, a \$62,000 decrease in recruiting and temporary service costs, a \$40,000 decrease in contract services, as result of bringing IT services in house, and a \$33,000 decrease in overall office, computer, facility supplies.

Income from operations for the nine months ended September 30, 2014 includes a gain of \$1,818,000 for the sale of a non-strategic unplanted parcel of land, and for the nine months ended September 30, 2013, includes a gain of \$717,000 for the sale of a non-strategic vineyard.

Income tax increased \$2,657,000 for the nine months ended September 30, 2014 as compared to the nine months ended September 30, 2013 as a result of the reversal of the valuation allowance at December 31, 2013. Prior to December 31, 2013, the Company had recorded a full valuation allowance against its net deferred tax asset. The income tax at September 30, 2014 reflects the recognition of statutory income taxes, which was reflected as a component of the valuation allowance at September 30, 2013. During the third quarter of 2014 it was determined that sufficient evidence supported decreasing the valuation allowance by \$141,000. Management will evaluate the remaining valuation allowance at year end to determine proper recognition and presentation. The Company's effective tax rate, calculated by dividing the income tax provision by net income before income tax expense, is affected by recurring items such as the relative amount of income earned in jurisdictions, which we expect to be fairly consistent in the near term. It is also affected by discrete items that may occur in any given year, but are not consistent from year to year. The Company's effective income tax rate is higher than the federal statutory rate primarily due to state income taxes.

#### Cautionary Statement for Forward-Looking Information

Statements included in this Report may contain forward-looking statements. Such statements may relate, but are not limited, to projections of revenues, income or loss, case sales, development expenditures and expected sources of funds related thereto, plans for growth and future operations, competition and regulation, as well as assumptions relating to the foregoing. Such forward-looking statements are made pursuant to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted or quantified. When used in this Report, the words "estimates," "expects," "anticipates," "believes," "plans," "intends" and variations of such words and similar expressions are intended to identify forward-looking statements that involve risks and uncertainties. Future events and actual results could differ materially from those set forth in, contemplated by or underlying the forward-looking statements.

Factors that could cause actual results to differ materially from any results projected, forecasted, estimated or budgeted or that may materially and adversely affect the Company's actual results include but are not limited to the

following: worsening economic conditions causing a decline in estimated future cash flows; our dependence on certain key personnel; significant increases in operating costs and reduced profitability due to competition for skilled management and staff employees; various diseases, pests and weather conditions affecting the quality and quantity of grapes; our inability to grow or acquire enough fruit for our wines; significant competition adversely affecting our profitability; competition for shelf space in retail stores and for marketing focus by our independent distributors; the contamination of our wines; a reduction in consumer demand for our wines; a decrease in wine score rating by important rating organizations; climate change, or legal, regulatory or market measures to address climate change, negatively affecting our business, operations or financial performance, and water scarcity or poor quality negatively impacting our production costs and capacity, including the continuation or worsening of the drought in California; environmental issues or hazardous substances on our properties resulting in us incurring significant liabilities; indebtedness we may incur materially affecting our financial health; changes in laws and government regulations or in the implementation and/or enforcement of government rules and regulations increasing our costs or restricting our ability to sell our products into certain markets; our inability to insure certain risks economically; being subject to litigation which may have a significant adverse effect on our consolidated financial condition or results of operations; not paying dividends currently or in the future;

Page | 16

---

impairment of our intangible assets; the limited market for our common stock because our stock is not listed on any securities exchange; volatility in our common stock price; future sales of our common stock depressing the market price of our stock; public company compliance costs; loss of our status as an emerging growth company; restrictions on our ability to enter into certain transactions that could jeopardize our tax free spin-off from Leucadia; and the significant influence of certain principal stockholders. For additional information see Part I, Item 1A. Risk Factors in the 2013 Report.

Undue reliance should not be placed on forward-looking statements, which are applicable only as of the date hereof. The Company undertakes no obligation to revise or update its forward-looking statements to reflect events or circumstances that arise after the date of this Report or to reflect the occurrence of unanticipated events.

### Item 3. Quantitative and Qualitative Disclosure About Market Risk.

Crimson does not currently have any exposure to financial market risk. Sales to international customers are denominated in U.S. dollars; therefore, Crimson is not exposed to market risk related to changes in foreign currency exchange rates. Prior to the Distribution, Crimson did not have any significant outstanding debt instruments other than amounts due to Leucadia; therefore, Crimson was not exposed to market risk relating to interest rates. As discussed above under Liquidity and Capital Resources, Crimson has access to a revolving credit facility. Any amount borrowed is expected to bear interest at floating rates.

### Item 4. Controls and Procedures.

The Company's management evaluated, with the participation of the Company's principal executive and principal financial officers, the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of September 30, 2014. Based on their evaluation, the Company's principal executive and principal financial officers concluded that the Company's disclosure controls and procedures were effective as of September 30, 2014.

There has been no change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the Company's fiscal quarter ended September 30, 2014, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.



PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, Crimson may be involved in legal proceedings in the ordinary course of its business. Crimson is not currently involved in any legal or administrative proceedings individually or together that it believes are likely to have a significant adverse effect on its business, results of operations or financial condition.

Item 1A. Risk Factors.

In addition to the other information set forth in this Report, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our 2013 Report, which could materially affect our business, results of operations or financial condition. The risks described in our 2013 Report are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may eventually prove to materially adversely affect our business, results of operations or financial condition.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None

Item 3. Defaults Upon Senior Securities.

None

Item 4. Mine Safety Disclosures.

None

Item 5. Other Information.

None

Item 6. Exhibits.

- 2.1 Separation Agreement, dated February 1, 2013, between Crimson Wine Group, Ltd. and Leucadia National Corporation (incorporated by reference to Exhibit 2.1 to Form 8-K filed on February 25, 2013).
  - 3.1 Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to Form 8-K filed on February 25, 2013).
  - 3.2 Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to Form 8-K filed on February 25, 2013).
- 
- 31.1 Certification of Interim President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
  - 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
  - 32.1 Certification of Interim Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
  - 32.2 Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Page | 18

---

101 Financial statements from the Quarterly Report on Form 10-Q of Crimson Wine Group, Ltd. for the quarter ended September 30, 2014, formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Balance Sheets; (ii) the Condensed Consolidated Income Statements; (iii) the Condensed Consolidated Statements of Comprehensive Income; (iv) the Condensed Consolidated Statements of Changes in Equity; (v) the Condensed Consolidated Statements of Cash Flows; and (vi) the Notes to Condensed Consolidated Financial Statements.

Page | 19

---

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CRIMSON WINE GROUP, LTD.  
(Registrant)

Date: November 7, 2014 By: /s/ Patrick M. DeLong  
Patrick M. DeLong  
Chief Financial and Operating  
Officer and Duly  
Authorized Officer

Page | 20



EXHIBIT INDEX

| Exhibit Number | Description   |
|----------------|---|
| 2.1            | Separation Agreement, dated February 1, 2013, between Crimson Wine Group, Ltd. and Leucadia National Corporation (incorporated by reference to Exhibit 2.1 to Form 8-K filed on February 25, 2013). |
| 3.1            | Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to Form 8-K filed on February 25, 2013).  |
| 3.2            | Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to Form 8-K filed on February 25, 2013).  |
| 31.1           | Certification of Interim  |

|      |  |
|------|--|
|      | President and<br>Chief Executive<br>Officer pursuant<br>to Section 302<br>of the<br>Sarbanes-Oxley<br>Act of 2002.   |
| 31.2 | Certification of<br>Chief Financial<br>Officer pursuant<br>to Section 302<br>of the<br>Sarbanes-Oxley<br>Act of 2002.  |
| 32.1 | Certification of<br>Interim<br>Principal<br>Executive<br>Officer pursuant<br>to Section 906<br>of the<br>Sarbanes-Oxley<br>Act of 2002.  |
| 32.2 | Certification of<br>Principal<br>Financial<br>Officer pursuant<br>to Section 906<br>of the<br>Sarbanes-Oxley<br>Act of 2002.   |
| 101  | Financial<br>statements from<br>the Quarterly<br>Report on Form<br>10-Q of<br>Crimson Wine<br>Group, Ltd. for<br>the quarter<br>ended<br>September 30,<br>2014, formatted<br>in Extensible<br>Business<br>Reporting<br>Language<br>(XBRL): (i) the |

Condensed  
Consolidated  
Balance Sheets;  
(ii) the  
Condensed  
Consolidated  
Income  
Statements; (iii)  
the Condensed  
Consolidated  
Statements of  
Comprehensive  
Income; (iv) the  
Condensed  
Consolidated  
Statements of  
Changes in  
Equity; (v) the  
Condensed  
Consolidated  
Statements of  
Cash Flows; and  
(vi) the Notes to  
Condensed  
Consolidated  
Financial  
Statements.