Horizon Technology Finance Corp
Form 497
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PROSPECTUS SUPPLEMENT
(to Prospectus dated May 7, 2012)

1,660,000 Shares

Horizon Technology Finance Corporation

Common Stock

We are offering for sale 1,660,000 shares of our common stock. These shares are being offered at a discount from our most recently determined net asset value per share of $16.89 pursuant to the authority granted by our common stockholders at a special meeting of stockholders held on June 11, 2012.

We cannot issue shares of our common stock below net asset value unless our Board of Directors determines that it would be in our and our stockholders' best interests to do so. Sales of common stock at prices below net asset value per share dilute the interests of existing stockholders, have the effect of reducing our net asset value per share and may reduce our market price per share. See Risk Factors beginning on page S-12 and Sales of Common Stock Below Net Asset Value on page S-15 of this prospectus supplement.

We are a non-diversified closed-end management investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940. We are externally managed by Horizon Technology Finance Management LLC, a registered investment adviser under the Investment Advisers Act of 1940, as amended. Our investment objective is to maximize our investment portfolio s return by generating current income from the loans we make and capital appreciation from the warrants we receive when making such loans. We make secured loans to development-stage companies in the technology, life science, healthcare information and services and cleantech industries.

Our common stock is listed on the NASDAQ Global Select Market under the symbol HRZN. The net asset value per share of our common stock at March 31, 2012 (the last date prior to the date of this prospectus supplement on which we determined net asset value) was $16.89.

Shares of closed-end investment companies such as ours frequently trade at a discount to their net asset value. This risk is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our common stock will trade above, at or below net asset value. **Investing in our common stock involves a high degree of risk, and should be considered highly speculative. See Risk Factors beginning on page S-12 of this prospectus supplement and page 17 of the accompanying prospectus to read about factors you should consider, including the risk of leverage and dilution, before investing in our common stock.**

This prospectus supplement and the accompanying prospectus contain important information you should know before investing in our common stock. Please read it before you invest and keep it for future reference. We file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission (the SEC). This information is available free of charge by contacting us at 312 Farmington Avenue, Farmington, Connecticut 06032, Attention: Investor Relations, or by calling us collect at (860) 676-8654. The SEC also maintains a website at *http://www.sec.gov* that contains such information.

	Per share	Total
Public offering price	$16.200	$26,892,000
Underwriting discounts and commissions	$0.648	$1,075,680
Proceeds, before expenses, to us(1)	$15.552	$25,816,320

(1) Before deducting offering expenses payable by us related to this offering, which we estimate will be approximately $100,000.

The underwriters have the option to purchase up to an additional 249,000 shares of common stock at the public offering price, less the underwriting discounts and commissions, within 30 days from the date of this prospectus supplement. If the option to purchase additional shares is exercised in full, the total public offering price will be $30,925,800, the total underwriting discounts and commissions (4.0%) will be $1,237,032, and the total proceeds to us, before deducting estimated expenses payable by us of $100,000, will be $29,688,768.

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

The underwriters expect to deliver the shares on or about July 23, 2012.

Joint Book-Running Managers

Wells Fargo Securities **Stifel Nicolaus Weisel**

Co-Managers

BB&T Capital Markets **Sterne Agee** **JMP Securities** **Gilford Securities Incorporated**

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ABOUT THIS PROSPECTUS SUPPLEMENT

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. Neither we nor the underwriters have authorized any other person to provide you with different information from that contained in this prospectus supplement or the accompanying prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or a solicitation of an offer to buy, any shares of our common stock by any person in any jurisdiction where it is unlawful for that person to make such an offer or solicitation or to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation. The information contained in this prospectus supplement and the accompanying prospectus is complete and accurate only as of their respective dates, regardless of the time of their delivery or sale of our common stock. This prospectus supplement supersedes the accompanying prospectus to the extent it contains information different from or additional to the information in that prospectus.

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of common stock and also adds to and updates information contained in the accompanying prospectus. The second part is the accompanying prospectus, which provides more information about the common stock we may offer from time to time. To the extent the information contained in this prospectus supplement differs from the information contained in the accompanying prospectus, the information in this prospectus supplement shall control. You should read this prospectus supplement and the accompanying prospectus together with the additional information described under the heading Available Information before investing in our common stock.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

In addition to factors identified elsewhere in this prospectus supplement and the accompanying prospectus, including the Risk Factors section of this prospectus supplement and the accompanying prospectus, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance:

- our future operating results, including the performance of our existing loans and warrants;
- the introduction, withdrawal, success and timing of business initiatives and strategies;
- changes in political, economic or industry conditions, the interest rate environment or financial and capital markets, which could result in changes in the value of our assets;
- the relative and absolute investment performance and operations of our Advisor;
- the impact of increased competition;
- the impact of investments we intend to make and future acquisitions and divestitures;
- the unfavorable resolution of legal proceedings;
- our business prospects and the prospects of our portfolio companies;
- the projected performance of other funds managed by our Advisor;
- the impact, extent and timing of technological changes and the adequacy of intellectual property protection;
- our regulatory structure and tax status;
- the adequacy of our cash resources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the impact of interest rate volatility on our results, particularly if we use leverage as part of our investment strategy;
- the ability of our portfolio companies to achieve their objectives;

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- our ability to cause a subsidiary to become a licensed Small Business Investment Company;
- the impact of legislative and regulatory actions and reforms and regulatory, supervisory or enforcement actions of government agencies relating to us or our Advisor;
- our contractual arrangements and relationships with third parties;
- our ability to access capital and any future financings by us;
- the ability of our Advisor to attract and retain highly talented professionals; and
- the impact of changes to tax legislation and, generally, our tax position.

This prospectus supplement, the accompanying prospectus and other statements that we may make, may contain forward-looking statements with respect to future financial or business performance, strategies or expectations. Forward-looking statements are typically identified by words or phrases such as trend, opportunity, pipeline, believe comfortable, expect, anticipate, current, intention, estimate, position, assume, plan, potential, pr continue, remain, maintain, sustain, seek, achieve and similar expressions, or future or conditional verbs such would, should, could, may and similar expressions.

Forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and we assume no duty to and do not undertake to update forward-looking statements. These forward-looking statements do not meet the safe harbor for forward-looking statements pursuant to Section 27A of the Securities Act of 1933, as amended (Securities Act), or Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act). Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance. You should understand that, under Sections 27A(b)(2)(B) of the Securities Act and Section 21E(b)(2)(B) of the Exchange Act, the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 do not apply to statements made in connection with any offering of securities pursuant to this prospectus supplement, the accompanying prospectus or in periodic reports we file under the Exchange Act.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights some of the information in this prospectus supplement and the accompanying prospectus. It is not complete and may not contain all of the information that you may want to consider before investing in our common stock. You should read this prospectus supplement and the accompanying prospectus carefully, including Risk Factors, Selected Consolidated Financial and Other Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and the financial statements contained in this prospectus supplement and/or the accompanying prospectus.

Horizon Technology Finance Corporation, a Delaware corporation, was formed on March 16, 2010 for the purpose of acquiring, continuing and expanding the business of its wholly-owned subsidiary, Compass Horizon Funding Company LLC, a Delaware limited liability company, which we refer to as Compass Horizon, raising capital in its initial public offering, or IPO, and operating as an externally managed business development company (BDC) under the Investment Company Act of 1940 (1940 Act). Except where the context suggests otherwise, the terms we, us, our and Company refer to Horizon Technology Finance Corporation and its consolidated subsidiaries. In addition, we refer to Horizon Technology Finance Management LLC, a Delaware limited liability company, as HTFM, our Advisor or our Administrator.

Our Company

We are a specialty finance company that lends to and invests in development-stage companies in the technology, life science, healthcare information and services and cleantech industries (collectively, our Target Industries). Our investment objective is to generate current income from the loans we make and capital appreciation from the warrants we receive when making such loans. We make secured loans (Venture Loans) to companies backed by established venture capital and private equity firms in our Target Industries whereby the equity capital investment supports the loan by initially providing a source of cash to fund the portfolio company s debt service obligations (Venture Lending). We also selectively lend to publicly traded companies in our Target Industries. Venture Lending is typically characterized by, among other things, (i) the making of a secured loan after a venture capital or equity investment in the portfolio company has been made, which investment provides a source of cash to fund the portfolio company s debt service obligations under the Venture Loan, (ii) the senior priority of the Venture Loan which requires repayment of the Venture Loan prior to the equity investors realizing a return on their capital, (iii) the relatively rapid amortization of the Venture Loan, and (iv) the lender s receipt of warrants or other success fees with the making of the Venture Loan.

We are an externally managed, closed-end, non-diversified management investment company that has elected to be regulated as a BDC under the 1940 Act. As a BDC, we are required to comply with regulatory requirements, including limitations on our use of debt. We are permitted to, and expect to, finance our investments through borrowings. However, as a BDC, we are only generally allowed to borrow amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% after such borrowing. The amount of leverage that we employ will depend on our assessment of market conditions and other factors at the time of any proposed borrowing.

We have elected to be treated for federal income tax purposes as a regulated investment company (RIC) under Subchapter M of the Internal Revenue Code (the Code). As a RIC, we generally will not have to pay corporate-level federal income taxes on any net ordinary income or capital gains that we distribute to our stockholders if we meet certain source-of-income, distribution, asset diversification and other requirements.

We are externally managed and advised by our Advisor. Our Advisor manages our day-to-day operations and also provides all administrative services necessary for us to operate.

Since our inception and through March 31, 2012, we have funded 67 portfolio companies and have invested $367.0 million in loans (including 32 loans that have been repaid). As of March 31, 2012, our total investment portfolio consisted of 35 loans which totaled $162.0 million and our net assets were $129.0 million. All of our existing loans are secured by all or a portion of the tangible and intangible assets of the applicable portfolio company. The loans in our loan portfolio will generally not be rated by any rating agency. If the individual loans in our portfolio companies were rated, they would be rated below

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investment grade because they are subject to many risks, including volatility, intense competition, shortened product life cycles and periodic downturns.

For the three months ended March 31, 2012, our loan portfolio had a dollar-weighted average annualized yield of approximately 15.4% (excluding any yield from warrants). As of March 31, 2012, our loan portfolio had a dollar-weighted average term of approximately 41 months from inception and a dollar-weighted average remaining term of approximately 28 months. In addition, we held warrants to purchase either common stock or preferred stock in 48 portfolio companies. As of March 31, 2012, substantially all of our loans had an original committed principal amount of between $1 million and $12 million, repayment terms of between 30 and 48 months and bore current pay interest at annual interest rates of between 9% and 14%.

Our Advisor

Our investment activities are managed by our Advisor and we expect to continue to benefit from our Advisor s ability to identify attractive investment opportunities, conduct diligence on and value prospective investments, negotiate investments and manage our diversified portfolio of investments. In addition to the experience gained from the years that they have worked together both at our Advisor and prior to the formation by our Advisor of the Company, the members of our investment team have broad lending backgrounds, with substantial experience at a variety of commercial finance companies, technology banks and private debt funds, and have developed a broad network of contacts within the venture capital and private equity community. This network of contacts provides a principal source of investment opportunities.

Our Advisor is led by five senior managers, including its two co-founders, Robert D. Pomeroy, Jr., our Chief Executive Officer, and Gerald A. Michaud, our President. The other senior managers include Christopher M. Mathieu, our Senior Vice President and Chief Financial Officer, John C. Bombara, our Senior Vice President, General Counsel and Chief Compliance Officer, and Daniel S. Devorsetz, our Senior Vice President and Chief Credit Officer.

Our Strategy

Our investment objective is to maximize our investment portfolio s total return by generating current income from the loans we make and capital appreciation from the warrants we receive when making such loans. To further implement our business strategy, our Advisor will continue to employ the following core strategies:

Structured Investments in the Venture Capital and Private Equity Markets. We make loans to development-stage companies within our Target Industries typically in the form of secured amortizing loans. The secured amortizing debt structure provides a lower risk strategy, as compared to equity investments, to participate in the emerging technology markets because the debt structures we typically utilize provide collateral against the downside risk of loss, provide return of capital in a much shorter timeframe through current pay interest and amortization of loan principal and have a senior position in the capital structure to equity in the case of insolvency, wind down or bankruptcy. Unlike venture capital and private equity investments, our investment returns and return of our capital do not require equity investment exits such as mergers and acquisitions or initial public offerings. Instead, we receive returns on our loans primarily through regularly scheduled payments of principal and interest and, if necessary, liquidation of the collateral supporting the loan. Only the potential gains from warrants are dependent upon exits.

Enterprise Value Lending. We and our Advisor take an enterprise value approach to the loan structuring and underwriting process. We secure a senior or subordinated lien position against the enterprise value of a portfolio company.

Creative Products with Attractive Risk-Adjusted Pricing. Each of our existing and prospective portfolio companies has its own unique funding needs for the capital provided from the proceeds of our Venture Loans. These funding needs include, but are not limited to, funds for additional development runways, funds to hire or retain sales staff or funds to invest in research and

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development in order to reach important technical milestones in advance of raising additional equity. Our loans include current pay interest, commitment fees, final payments, pre-payment fees and non-utilization fees. We believe we have developed pricing tools, structuring techniques and valuation metrics that satisfy our portfolio companies requirements while mitigating risk and maximizing returns on our investments.

Opportunity for Enhanced Returns. To enhance our loan portfolio returns, in addition to interest and fees, we obtain warrants to purchase the equity of our portfolio companies as additional consideration for making loans. The warrants we obtain generally include a cashless exercise provision to allow us to exercise these rights without requiring us to make any additional cash investment. Obtaining warrants in our portfolio companies has allowed us to participate in the equity appreciation of our portfolio companies, which we expect will enable us to generate higher returns for our investors.

Direct Origination. We originate transactions directly with technology, life science, healthcare information and services and cleantech companies. These transactions are referred to our Advisor from a number of sources, including referrals from, or direct solicitation of, venture capital and private equity firms, portfolio company management teams, legal firms, accounting firms, investment banks and other lenders that represent companies within our Target Industries. Our Advisor has been the sole or lead originator in substantially all transactions in which the funds it manages have invested.

Disciplined and Balanced Underwriting and Portfolio Management. We use a disciplined underwriting process that includes obtaining information validation from multiple sources, extensive knowledge of our Target Industries, comparable industry valuation metrics and sophisticated financial analysis related to development-stage companies. Our Advisor s due diligence on investment prospects includes obtaining and evaluating information on the prospective portfolio company s technology, market opportunity, management team, fund raising history, investor support, valuation considerations, financial condition and projections. We seek to balance our investment portfolio to reduce the risk of down market cycles associated with any particular industry or sector, development-stage or geographic area. Our Advisor employs a hands on approach to portfolio management requiring private portfolio companies to provide monthly financial information and to participate in regular updates on performance and future plans.

Use of Leverage. We currently use leverage to increase returns on equity through revolving credit facilities provided by WestLB AG (the WestLB Facility) and Wells Fargo Capital Finance, LLC (the Wells Facility and collectively with the WestLB Facility, the Credit Facilities) and through our 7.375% senior notes due 2019 (the Senior Notes). See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources in this prospectus supplement and in the accompanying prospectus for additional information about the Credit Facilities and the Senior Notes. In addition, we may incur other debt, including other credit facilities and issuing additional debt securities or preferred stock in the future.

Market Opportunity

We focus our investments primarily in four key industries of the emerging technology market: technology, life science, healthcare information and services and cleantech. The technology sectors we focus on include communications, networking, wireless communications, data storage, software, cloud computing, semiconductor, internet and media and consumer-related technologies. The life science sectors we focus on include biotechnology, drug delivery, bioinformatics and medical devices. The healthcare information and services sectors we focus on include diagnostics, medical record services and software and other healthcare related services and technologies that improve efficiency and quality of administered healthcare. The cleantech sectors we focus on include alternative energy, water purification, energy efficiency, green building materials and waste recycling.

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We believe that Venture Lending has the potential to achieve enhanced returns that are attractive notwithstanding the high degree of risk associated with lending to development-stage companies. Potential benefits include:

- interest rates that typically exceed rates that would be available to portfolio companies if they could borrow in traditional commercial financing transactions;
- the loan support provided by cash proceeds from equity capital invested by venture capital and private equity firms;
- relatively rapid amortization of loans;
- senior ranking to equity and collateralization of loans to minimize potential loss of capital; and
- potential equity appreciation through warrants.

We believe that Venture Lending also provides an attractive financing source for portfolio companies, their management teams and their equity capital investors, as it:

- is typically less dilutive to the equity holders than additional equity financing;
- extends the time period during which a portfolio company can operate before seeking additional equity capital or pursuing a sale transaction or other liquidity event; and
- allows portfolio companies to better match cash sources with uses.

Competitive Strengths

We believe that we, together with our Advisor, possess significant competitive strengths, which include the following:

Consistently Execute Commitments and Close Transactions. Our Advisor and its senior management and investment professionals have an extensive track record of originating, underwriting and closing Venture Loans. Our Advisor has directly originated, underwritten and managed more than 130 Venture Loans with an aggregate original principal amount over $850 million since it commenced operations in 2004. In our experience, prospective portfolio companies prefer lenders that have demonstrated their ability to deliver on their commitments.

Robust Direct Origination Capabilities. Our Advisor s managing directors each have significant experience originating Venture Loans in our Target Industries. This experience has given each managing director a deep knowledge of our Target Industries and an extensive base of transaction sources and references. Our Advisor s brand name recognition in our market has resulted in a steady flow of high quality investment opportunities that are consistent with the strategic vision and expectations of our Advisor s senior management.

Highly Experienced and Cohesive Management Team. Our Advisor has had the same senior management team of experienced professionals since its inception. This consistency allows companies, their management teams and their investors to rely on consistent and predictable service, loan products and terms and underwriting standards.

Relationships with Venture Capital and Private Equity Investors. Our Advisor has developed strong relationships with venture capital and private equity firms and their partners. The strength and breadth of our Advisor s venture capital and private equity relationships would take considerable time and expense to develop.

Well-Known Brand Name. Our Advisor has originated Venture Loans to more than 130 companies in our Target Industries under the Horizon Technology Finance brand. Each of these companies is backed by one or more venture capital or private equity firms. We believe that the Horizon Technology Finance brand, as a competent, knowledgeable and active participant in the Venture Lending marketplace, will continue to result in a significant number of referrals and prospective investment opportunities in our Target Industries.

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Recent Developments

Stockholder Meetings

We held our 2012 Annual Meeting of Stockholders (the Annual Meeting) on June 11, 2012. At the Annual Meeting, our stockholders re-elected each of Gerald A. Michaud and Edmund V. Mahoney and elected Elaine A. Sarsynski, to our Board of Directors each for a three-year term.

We held a Special Meeting of Stockholders (the Special Meeting) on June 11, 2012. Our common stockholders voted to authorize us, with the approval of our Board of Directors, to sell shares of our common stock during the next 12 months at a price below the then current net asset value per share in one or more offerings, subject to certain conditions including limitations on the number of shares available for issuance to no more than 25% of our then outstanding common stock, at a price below, but no more than 15% below, its then current net asset value.

Preliminary Estimates of Results for the Three Months Ended June 30, 2012

Set forth below are certain preliminary estimates of our financial condition and results of operations for the three months ended June 30, 2012. These estimates are subject to the completion of our financial closing procedures and are not a comprehensive statement of our financial results for the three months ended June 30, 2012. We advise you that our actual results may differ materially from these estimates as a result of the completion of our financial closing procedures, final adjustments and other developments arising between now and the time that our financial results for the three months ended June 30, 2012 are finalized.

Our net investment income is estimated to have totaled between $0.29 and $0.31 per share for the three months ended June 30, 2012.

Our net asset value as of June 30, 2012 is estimated to be between $16.65 and $16.75 per share.

We had in excess of $0.65 per share of undistributed earnings at June 30, 2012 available to augment net investment income for future dividends.

We originated approximately $60 million in new loan commitments during the three months ended June 30, 2012. Of the new loan commitments, approximately $37 million funded at close, with the majority of the fundings occurring in June. During the second quarter, there were no loan prepayments prior to their scheduled maturity date. This compares to approximately $14 million in loan prepayments in the first quarter of 2012, which generated approximately $0.7 million in fee income. Our portfolio balance, at cost, totaled approximately $197 million as of June 30, 2012.

As of June 30, 2012, we were in compliance with our asset coverage test.

The preliminary financial data included herein have been prepared by, and is the responsibility of, management and have not been approved by our Board of Directors. McGladrey LLP, our independent registered public accounting firm, has not audited, reviewed, compiled or performed any procedures with respect to these preliminary estimates.

Accordingly, McGladrey LLP does not express an opinion or any other form of assurance with respect thereto.

During April 2012, we expanded our Senior Notes by $3 million bringing the total amount to $33 million.

During May 2012, we declared and paid a quarterly dividend of $0.45 per share.

During the second quarter of 2012, we funded the following loans:

$6.7 million to Aquion Energy, Inc., a new portfolio company. Aquion is a developer and manufacturer of Aqueous Hybrid Ion batteries and energy storage systems.
$4.0 million to Avalanche Technology, Inc., a new portfolio company. Avalanche is a developer of next-generation storage products utilizing its proprietary Spin Programmable Memory technology.

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$2.5 million to Celsion Corporation (Nasdaq: CLSN), a new portfolio company. Celsion is an oncology drug development company.
$2.5 million to Grab Networks Holdings, Inc., an existing portfolio company. Grab is a premium video distribution company.
$3.3 million to Luxtera, Inc., a new portfolio company. Luxtera is a developer of integrated silicon CMOS photonics.
$2.0 million to OraMetrix, Inc., an existing portfolio company. OraMetrix is a provider of 3-D technology solutions for orthodontic care.
$2.5 million to Sample6 Technologies, Inc., a new portfolio company. Sample6 is a developer of microbial monitoring technology for global food, healthcare and other industries.
$3.75 million to Semprius, Inc., a new portfolio company. Semprius is a developer of high concentration photovoltaic solar modules.
$0.5 million to Tigo Energy, Inc., an existing portfolio company. Tigo is a provider of solar optimization technology for photovoltaic solar installations.
$5.0 million to a new portfolio company which has developed a technology to process biomass into fuel for clean technology applications.
$3.0 million to an existing portfolio company which develops IT performance management software.
$1.5 million to an existing portfolio company which develops complex event processing software.

Committed Backlog

As of June 30, 2012, our unfunded loan approvals and commitments (Committed Backlog) increased to $39.3 million to 13 companies, compared to a Committed Backlog of $16.0 million to six companies as of March 31, 2012. While our portfolio companies have discretion whether to draw down such commitments, in some cases, the right of a company to draw down its commitment is subject to the portfolio company achieving specific milestones.

Addition to the Russell 3000 Index

We joined the broad-market Russell 3000® Index when Russell Investments reconstituted its comprehensive set of U.S. and global equity indexes on June 25, 2012. Based on our membership in the Russell 3000 Index, which remains in place for one year, we will also automatically be included in the widely followed Russell 2000® Index for U.S. small-cap stocks.

Company Information

Our administrative and executive offices and those of our Advisor are located at 312 Farmington Avenue, Farmington, Connecticut 06032, and our telephone number is (860) 676-8654. Our corporate website is located at *www.horizontechnologyfinancecorp.com*. Information contained on our website is not incorporated by reference into this prospectus supplement, and you should not consider information contained on our website to be part of this prospectus supplement.

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THE OFFERING

Common stock offered by us

1,660,000 shares

Common stock outstanding prior to this offering

7,642,348 shares

Common stock to be outstanding after this offering

9,302,348 shares (excluding 249,000 shares of common stock issuable pursuant to the option to purchase additional shares granted to the underwriters)

Option to purchase additional shares

249,000 shares

Use of proceeds

The net proceeds from this offering (excluding the underwriters option to purchase additional shares and before deducting estimated expenses payable by us of approximately $100,000) will be approximately $25.8 million based on a public offering price of $16.20, which includes underwriting discounts and commissions.

We intend to initially use the net proceeds from this offering to repay outstanding debt borrowed under our Wells Facility. See Underwriting Conflicts of Interest. However, through re-borrowing under our Wells Facility, we intend to use the net proceeds from this offering to make investments in portfolio companies in accordance with our investment objective and strategies and for working capital and general corporate purposes.

Listing

Our common stock is traded on the NASDAQ Global Select Market (NASDAQ) under the symbol HRZN.

Dividend Reinvestment Plan

We have a dividend reinvestment plan for our stockholders. The dividend reinvestment plan is an opt out dividend reinvestment plan. As a result, if we declare a dividend, then stockholders cash dividends will be automatically reinvested in additional shares of our common stock, unless they specifically opt out of the dividend reinvestment plan so as to receive cash dividends. Stockholders who receive distributions in the form of stock will be subject to the same federal, state and local tax consequences as stockholders who elect to receive their distributions in cash.

Dividends and distributions

We intend to continue making quarterly distributions to our stockholders. These dividends and other distributions, if any, will be determined by our Board of Directors from time to time.

Taxation

We have elected to be treated for federal income tax purposes as a RIC under Subchapter M of the Code. Accordingly, we generally will not pay corporate-level federal income taxes on any net ordinary income or capital gains that we distribute to our stockholders as dividends. To maintain our RIC tax treatment, we must meet specified source-of-income, distribution, asset diversification and other requirements.

Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% excise tax on such income. Any such carryover taxable income must be distributed through a dividend declared prior to filing the final tax return related to the year which generated such taxable income.

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See Material U.S. Federal Income Tax Considerations in the accompanying prospectus.

Risk factors

See Risk Factors beginning on page S-12 of this prospectus supplement and beginning on page 17 of the accompanying prospectus for a discussion of risks you should carefully consider before deciding to invest in shares of our common stock.

Trading at a discount

Shares of closed-end investment companies, including BDCs, frequently trade at a discount to their net asset value. We are generally able to issue and sell our common stock at a price below our net asset value per share when we have stockholder approval. The risk that our shares may trade at a discount to our net asset value is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our shares will trade above, at or below net asset value. See Risk Factors in this prospectus supplement and the accompanying prospectus and see Sales of Common Stock Below Net Asset Value.

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FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses that an investor in shares of our common stock will bear directly or indirectly. However, we caution you that some of the percentages indicated in the table below are estimates and may vary. The following table and example should not be considered a representation of our future expenses. Actual expenses may be greater or less than shown. Except where the context suggests otherwise, whenever this prospectus supplement and the accompanying prospectus contain a reference to fees or expenses paid by you or us or that we will pay fees or expenses, stockholders will indirectly bear such fees or expenses as investors in the Company.

Stockholder Transaction Expenses		
Sales Load (as a percentage of offering price)	4.00	%(1)
Offering Expenses (as a percentage of offering price)	0.37	%(2)
Dividend Reinvestment Plan Fees		(3)
Total Stockholder Transaction Expenses (as a percentage of offering price)	4.37	%
Annual Expenses (as a Percentage of Net Assets Attributable to Common Stock)(4)		
Base Management Fee	2.94	%(5)
Incentive Fees Payable Under the Investment Management Agreement	1.94	%(6)
Interest Payments on Borrowed Funds	4.58	%(7)
Other Expenses (estimated for the current fiscal year)	2.07	%(8)
Acquired Fund Fees and Expenses	.03	%(9)
Total Annual Expenses (estimated)	11.56	%(5)(10)

(1) Represents the underwriting discounts and commissions with respect to the shares sold by us in this offering.

(2) The offering expenses of this offering borne by us are estimated to be approximately $100,000 and is based on 1,660,000 shares offered in this offering at $16.20 per share. If the underwriters exercise their option to purchase additional shares in full, the offering expenses borne by us (as a percentage of the offering price) will be approximately 0.32%.

(3) The expenses of the dividend reinvestment plan are included in Other Expenses in the table. See Dividend Reinvestment Plan in the accompanying prospectus.

(4) Net Assets Attributable to Common Stock equals estimated average net assets for the current fiscal year and is based on our net assets at March 31, 2012 and includes the net proceeds of the offering estimated to be received by the Company.

(5) Our base management fee under the investment management agreement entered into with our Advisor (the Investment Management Agreement) is based on our gross assets, which includes assets acquired using leverage, and is payable monthly in arrears. The management fee referenced in the table above is based on our gross assets of $201 million as of March 31, 2012 and the net proceeds of the offering estimated to be received by the Company. See Investment Management and Administration Agreements Investment Management Agreement in the accompanying prospectus.

(6) Our incentive fee payable under the Investment Management Agreement consists of two parts:

The first part, which is payable quarterly in arrears, equals 20% of the excess, if any, of our Pre-Incentive Fee Net Investment Income over a 1.75% quarterly (7% annualized) hurdle rate and a catch-up provision measured as of the end of each calendar quarter. Under this provision, in any calendar quarter, our Advisor receives no incentive fee until our net investment income equals the hurdle rate of 1.75% but then receives, as a catch-up, 100% of our Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the hurdle rate but is less than 2.1875%. The effect of this provision is that, if Pre-Incentive Fee Net

Investment Income exceeds 2.1875% in any calendar quarter, our Advisor will receive 20% of our Pre-Incentive Fee Net Investment Income as if a hurdle rate did not apply. The first part of the incentive fee is computed and paid on income that may include interest that is accrued but not yet received in cash.

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The second part of the incentive fee equals 20% of our Incentive Fee Capital Gains, if any, which will equal our realized capital gains on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees. The second part of the incentive fee is payable, in arrears, at the end of each calendar year (or upon termination of the Investment Management Agreement, as of the termination date). For a more detailed discussion of the calculation of this fee, see Investment Management and Administration Agreements Investment Management Agreement in the accompanying prospectus.

The incentive fee payable to our Advisor represents our estimated annual expense incurred under the first part of the Investment Management Agreement over the next twelve months. As we cannot predict the occurrence of any capital gains from the portfolio, we have assumed no Incentive Fee Capital Gains.

(7) Interest payments on borrowed funds represent our estimated annual interest payments on borrowed funds based on current debt levels as adjusted for projected increases in debt levels over the next twelve months after giving effect to the use of proceeds from this offering.

(8) Includes our overhead expenses, including payments under the administration agreement entered into with our Administrator (the Administration Agreement), based on our allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations under the Administration Agreement. See Investment Management and Administration Agreements Administration Agreement in the accompanying prospectus. Other Expenses are based on estimated amounts to be incurred on an annual basis.

(9) Amount reflects our estimated expenses of the temporary investment of offering proceeds in money market funds pending our investment of such proceeds in portfolio companies in accordance with the investment objective and strategies described in this accompanying prospectus and this prospectus supplement.

(10) Total Annual Expenses as a percentage of consolidated net assets attributable to common stock are higher than the total annual expenses percentage would be for a company that is not leveraged. We borrow money to leverage our net assets and increase our total assets, which borrowing costs are reflected above. The SEC requires that the Total Annual Expenses percentage be calculated as a percentage of net assets (defined as total assets less indebtedness and after taking into account any incentive fees payable during the period), rather than the total assets, including assets that have been funded with borrowed monies.

Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. This example and the expenses in the table above should not be considered a representation of our future expenses, and actual expenses (including the cost of debt, if any, and other expenses) may be greater or less than those shown. In calculating the following expense amounts, we have assumed that our annual operating expenses remain at the levels set forth in the table above.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5% annual return	$ 110	$ 308	$ 479	$ 810

The example and the expenses in the tables above should not be considered a representation of our future expenses, and actual expenses may be greater or lesser than those shown.

While the example assumes, as required by the applicable rules of the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. The incentive fee under the Investment Management Agreement is unlikely to be significant assuming a 5% annual return and is not included in the example. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our distributions to our common stockholders and our expenses would likely be higher. See Investment Management and Administration Agreements Examples of Incentive Fee Calculation in the accompanying prospectus for additional information regarding the calculation of incentive fees. In addition, while the example assumes

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reinvestment of all dividends and other distributions at net asset value, participants in our dividend reinvestment plan receive a number of shares of our common stock determined by dividing the total dollar amount of the distribution payable to a participant by the market price per share of our common stock at the close of trading on the valuation date for the distribution. This price may be at, above or below net asset value. See Dividend Reinvestment Plan in the accompanying prospectus for additional information regarding our dividend reinvestment plan.

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RISK FACTORS

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

Stockholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock or securities to subscribe for or convertible into shares of our common stock.

At a special meeting of stockholders, our stockholders approved a proposal designed to allow us to access the capital markets in a way that we would otherwise be unable to as a result of restrictions that, absent stockholder approval, apply to BDCs under the 1940 Act. Specifically, our stockholders have authorized us to sell shares of our common stock at any time through June 10, 2013 at a price below the then current net asset value per share in one or more offerings, subject to certain conditions, including limiting the number of shares available for issuance to no more than 25% of our then outstanding common stock and limiting the sales price per share to no more than 15% below the then current net asset value per share. Any decision to sell shares of our common stock below its then current net asset value per share is subject to the determination by our Board of Directors that such issuance is in our and our stockholders' best interests.

The issuance or sale by us of shares of our common stock at a discount to net asset value poses a risk of dilution to our stockholders. In particular, stockholders who do not purchase additional shares at or below the discounted price in proportion to their current ownership will experience an immediate decrease in net asset value per share (as well as in the aggregate net asset value of their shares if they do not participate at all). These stockholders will also experience a disproportionately greater decrease in their participation in our earnings and assets and their voting power than the increase we experience in our assets, potential earning power and voting interests from such issuance or sale. In addition, such sales may adversely affect the price at which our common stock trades.

Further, if our current stockholders do not purchase any shares to maintain their percentage interest, regardless of whether such offering is at, above or below the then current net asset value per share, their voting power will be diluted. For additional information and hypothetical examples of these risks, see Sales of Common Stock Below Net Asset Value in this prospectus supplement.

There are material limitations in estimating our results for prior periods before the completion of our and our auditors normal review procedures for such periods.

The estimated results contained in Summary Recent Developments are not a comprehensive statement of financial results for the three months ended June 30, 2012 and have not been reviewed or audited by our independent registered public accounting firm. Our consolidated financial statements for the three months ended June 30, 2012 will not be available until after this offering is completed, and, consequently, will not be available to you prior to investing in this offering. Our final financial results for the three months ended June 30, 2012 may vary from our expectations and may be materially different from the preliminary financial estimates we have provided due to completion of quarterly closing procedures, reviewing adjustments and other developments that may arise between now and the time the financial results for the quarter are finalized. Accordingly, investors should not place undue reliance on such financial information.

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USE OF PROCEEDS

We estimate that the net proceeds from the sale of 1,660,000 shares of common stock in this offering will be $25.7 million and $29.6 million if the underwriter's option to purchase additional shares is exercised in full, after deducting the underwriting discounts and commissions and estimated offering expenses of $1.2 million payable by us.

We intend to initially use the net proceeds from this offering to repay outstanding debt borrowed under our Wells Facility. However, through re-borrowing under our Wells Facility, we intend to use the net proceeds from this offering to make investments in portfolio companies in accordance with our investment objective and strategies and for working capital and general corporate purposes. We estimate that it will take up to six months for us to substantially invest the net proceeds of any offering made pursuant to this prospectus supplement, depending on the availability of attractive opportunities and market conditions. However, we can offer no assurances that we will be able to achieve this goal. Pending such use, we will invest the remaining net proceeds of this offering primarily in cash, cash equivalents, U.S. Government securities and high-quality debt investments that mature in one year or less from the date of investment. These temporary investments may have lower yields than our other investments and accordingly, may result in lower distributions, if any, during such period. See Regulation Temporary Investments in the accompanying prospectus for additional information about temporary investments we may make while waiting to make longer-term investments in pursuit of our investment objective.

At June 30, 2012, we had approximately $33 million outstanding under our Wells Facility. Our Wells Facility matures on July 14, 2017, unless extended, and bears interest on a per annum basis equal to the applicable LIBOR rate plus 4.00% with a LIBOR floor of 1.00%. Amounts repaid under our Wells Facility will remain available for future borrowings. As of June 30, 2012, the interest rate on our Wells Facility was 5.00%.

An affiliate of Wells Fargo Securities, LLC, an underwriter in this offering, acts as arranger, administrative agent and lender under our Wells Facility. As described above, we intend to use net proceeds of this offering to repay the outstanding debt under the Wells Facility, and such affiliate therefore will receive a portion of the proceeds from this offering through the repayment of those borrowings. See Underwriting Conflicts of Interest in this prospectus supplement.

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CAPITALIZATION

The following table sets forth:

- our actual capitalization as of March 31, 2012; and
- on an as-adjusted basis giving effect to the sale of 1,660,000 shares of our common stock in this offering (assuming no exercise of the underwriters option to purchase additional shares) based on a public offering price of $16.20 per share less estimated underwriting discounts and commissions and offering expenses of $1.2 million payable by us.

This table should be read in conjunction with Use of Proceeds, Management s Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and notes thereto included in this prospectus supplement and the accompanying prospectus.

	As of March 31, 2012	
	Actual	As-Adjusted for this Offering
	(dollars in thousands)	
Cash and Investment in money market funds	$28,641	$28,641
Credit Facilities[1]	40,236	14,520
Senior Notes due 2019	30,000	30,000
Total Borrowings	$70,236	$44,520
Net assets:		
Preferred stock, par value $0.001 per share; 1,000,000 shares authorized, no shares issued and outstanding		
Common stock, par value $0.001 per share; 100,000,000 shares authorized, 7,640,049 shares issued and outstanding	8	9
Paid-in capital in excess of par	124,570	150,285
Distributions in excess of net investment income	4,881	4,881
Net unrealized depreciation on investments	(3,472)	(3,472)
Net realized gains on investments	3,058	3,058
Total net assets	$129,045	$154,761

(1) As of June 30, 2012 we had approximately $33 million of borrowings outstanding under our Wells Facility and approximately $14 million of borrowings under our WestLB Facility. We intend to initially use the net proceeds from this offering to repay outstanding debt borrowed under our Wells Facility. As of March 31, 2012 we only had approximately $5 million outstanding under our Wells Facility.

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SALES OF COMMON STOCK BELOW NET ASSET VALUE

At a June 11, 2012 special meeting of stockholders, our stockholders approved our ability, with the approval of our Board of Directors, to sell shares of our common stock at any time through June 10, 2013 at a price below the then current net asset value per share in one or more offerings, subject to certain conditions, including limiting the number of shares available for issuance to no more than 25% of our then outstanding common stock and limiting the sales price per share to no more than 15% below the then current net asset value (the Stockholder Approval). In order to sell shares of common stock pursuant to the Stockholder Approval, a majority of our directors who have no financial interest in the sale and a majority of our independent directors must:

- find that the sale is in our best interests and in the best interests of our stockholders; and
- in consultation with any underwriter or underwriters of the offering, make a good faith determination as of a time either immediately prior to the first solicitation by us or on our behalf of firm commitments to purchase such shares of common stock, or immediately prior to the issuance of such common stock, that the price at which such shares of common stock are to be sold is not less than a price which closely approximates the market value of those shares of common stock, less any distributing commission or discount.

The offering of common stock being made pursuant to this prospectus supplement is at a price below our most recently reported net asset value per share of $16.89 as of March 31, 2012 and is below our estimated book value of between $16.65 and $16.75 as of June 30, 2012.

In making a determination that this offering of common stock below its net asset value per share is in our and our stockholders' best interests, our Board of Directors considered a variety of factors including:

- the effect that the offering below net asset value per share would have on our stockholders, including the potential dilution they would experience as a result of the offering;
- the amount per share by which the offering price per share and the net proceeds per share are less than our most recently determined net asset value per share;
- the relationship of recent market prices of par common stock to net asset value per share and the potential impact of the offering on the market price per share of our common stock;
- whether the estimated offering price closely approximates the market value of shares of our common stock;
- the potential market impact of being able to raise capital during the current financial market difficulties;
- the nature of any new investors anticipated to acquire shares of our common stock in the offering;
- the anticipated rate of return on and quality, type and availability of investments that we would be able to make as a result of this offering; and
- the leverage available to us, both before and after the offering, and the terms thereof.

Our Board of Directors also considered the fact that sales of shares of common stock at a discount will benefit our Advisor, as our Advisor will earn additional investment management fees on the proceeds of such offerings, as it would from the offering of any of our other securities or from the offering of common stock at a premium to net asset value per share.

Sales by us of our common stock at a discount from net asset value per share pose potential risks for our existing stockholders whether or not they participate in the offering, as well as for new investors who participate in the offering. Any sale of common stock at a price below net asset value per share will result in an immediate dilution to many of our existing common stockholders even if they participate in such sale. See Risk Factors Risks Relating to Offerings Under This Prospectus in the accompanying prospectus.

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The following three headings and accompanying tables explain and provide hypothetical examples on the impact of an offering of our common stock at a price less than net asset value per share on three different types of investors:

- existing stockholders who do not purchase any shares in this offering;
- existing stockholders who purchase a relatively small amount of shares in this offering or a relatively large amount of shares in this offering; and
- new investors who become stockholders by purchasing shares in this offering.

Net asset value per share used in the tables below is based on our most recently determined net asset value per share as of March 31, 2012. The net asset value per share used for purposes of providing information in the table below is thus an estimate and does not necessarily reflect actual net asset value per share at the time sales are made. Actual net asset value per share may change based on potential changes in valuations of our portfolio securities, accruals of income, expenses and distributions declared and thus may be different than at the assumed sales prices shown below. See Recent Developments.

The tables below provide hypothetical examples of the impact that an offering at a price less than net asset value per share may have on the net asset value per share of shareholders and investors who do and do not participate in such an offering. However, the tables below do not show and are not intended to show any potential changes in market price that may occur from an offering at a price less than net asset value per share and it is not possible to predict any potential market price change that may occur from such an offering.

Impact On Existing Stockholders Who Do Not Participate in this Offering

Our existing stockholders who do not participate in this offering below net asset value per share or who do not buy additional shares in the secondary market at the same or lower price we obtain in this offering (after expenses and commissions) face the greatest potential risks. These stockholders will experience an immediate dilution in the net asset value of the shares of common stock they hold and their net asset value per share. These stockholders will also experience a disproportionately greater decrease in their participation in our earnings and assets and their voting power than the increase we will experience in our assets, potential earning power and voting interests due to such offering. These stockholders may also experience a decline in the market price of their shares, which often reflects to some degree announced, or potential increases and decreases in net asset value per share. This decrease could be more pronounced as the size of the offering and level of discounts increases. Further, if existing stockholders do not purchase any shares to maintain their percentage interest, their voting power will be diluted.

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The following chart illustrates the level of net asset value dilution that would be experienced by an existing 0.10% stockholder who does not participate in this offering at the public offering price of $16.20 per share with a 4% underwriting discount and $100,000 of expenses ($15.49 per share net). It is not possible to predict the level of market price decline that may occur following this offering.

	Prior to Sale Below NAV	Following Sale	% Change
Offering Price			
Price per Share to Public		$16.20	
Net Proceeds per Share to Issuer		$15.49	
Decrease to Net Asset Value			
Total Shares Outstanding	7,640,049 (1)	9,300,049 (2)	21.73 %
Net Asset Value per Share	$16.89	$16.64	(1.47)%
Dilution to Nonparticipating Stockholder			
Shares Held by Stockholder A	7,640	7,640	
Percentage Held by Stockholder A	0.10 %	0.08 %	(17.85)%
Total Net Asset Value Held by Stockholder A	$129,040	$127,138	(1.47)%
Total Investment by Stockholder A (Assumed to Be Net Asset Value per Share)		$129,040	
Total Dilution to Stockholder A (Total Net Asset Value Less Total Investment)		$(1,903)	
Investment per Share Held by Stockholder A (Assumed to be Net Asset Value per Share on Shares Held Prior to Sale)	$16.89	$16.89	
Net Asset Value per Share Held by Stockholder A		$16.64	
Dilution per Share Held by Stockholder A (Net Asset Value per Share Less Investment per Share)		$(0.25)	
Percentage Dilution to Stockholder A (Dilution per Share Divided by Investment per Share)			(1.47)%

(1) Reflects actual shares outstanding at March 31, 2012.

(2) Excludes underwriters option to purchase 249,000 shares.

Impact On Existing Stockholders Who Do Participate in this Offering

Our existing stockholders who participate in this offering or who buy additional shares in the secondary market at the same or lower price as we obtain in this offering (after expenses and commissions) will experience the same types of net asset value dilution as the nonparticipating stockholders, although at a lower level, to the extent they purchase less than the same percentage of the discounted offering as their interest in our shares of our common stock immediately prior to the offering. The level of net asset value dilution will decrease as the number of shares such stockholders purchase increases. Existing stockholders who buy more than such percentage will experience net asset value dilution but will, in contrast to existing stockholders who purchase less than their proportionate share of the offering, experience accretion in net asset value per share over their investment per share and will also experience a disproportionately greater increase in their participation in our earnings and assets and their voting power than our increase in assets, potential earning power and voting interests due to such offering. The level of accretion will increase as the excess number of shares such stockholder purchases increases. Even a stockholder who over participates will, however, be subject to the risk that we may make additional discounted offerings in which such stockholder does not participate, in which case such a stockholder will experience net asset value dilution as described above in such subsequent offerings. These stockholders may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential increases and decreases in net asset value per share. This decrease could be more pronounced as the size of the offering and the level of discounts increase.

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The following chart illustrates the level of dilution and accretion in this offering for a current 0.10% stockholder that acquires shares equal to (1) 50% of its proportionate share of the offering (*i.e.*, 830 shares, which is 0.05% of an offering of 1,660,000 shares) rather than its 0.10% proportionate share and (2) 150% of such percentage (*i.e.*, 2,490 shares, which is 0.15% of an offering of 1,660,000 shares rather than its 0.10% proportionate share) at the public offering price of $16.20 per share with a 4% underwriting discount and $100,000 of expenses ($15.49 per share net). It is not possible to predict the level of market price decline that may occur following this offering.

	Prior to Sale Below NAV	50% Participation Following Sale	% Change	150% Participation Following Sale	% Change
Offering Price					
Price per Share to Public		16.20		16.20	
Net Proceeds per Share to Issuer		15.49		15.49	
Decrease/Increase to Net Asset Value					
Total Shares Outstanding	7,640,049[1]	9,300,049[2]	21.73%	9,300,049[2]	21.73%
Net Asset Value per Share	$16.89	$16.64	(1.47)%	16.64	(1.47)%
Dilution/Accretion to Participating Stockholder					
Shares Held by Stockholder A	7,640	8,470	10.86%	10,130	32.59%
Percentage Held by Stockholder A	0.10%	0.09%	(8.92)%	0.11%	8.92%
Total Net Asset Value Held by Stockholder A	129,040	140,950	9.23%	168,574	30.64%
Total Investment by Stockholder A (Assumed to be Net Asset Value per Share on Shares Held Prior to Sale)		$142,486		$169,379	
Total Dilution to Stockholder A (Total Net Asset Value Less Total Investment)		$(1,537)		$(805)	
Investment per Share Held by Stockholder A (assumed to Be Net Asset Value per Share on Shares Held Prior to Sale)	$16.89	$16.82		$16.72	
Net Asset Value per Share Held by Stockholder A		16.64		16.64	
Dilution per Share Held by Stockholder A (Net Asset Value per Share Less Investment per Share)		$(0.18)		$(0.08)	
Percentage Dilution to Stockholder A (Dilution per Share Divided by Investment per Share)			(1.07)%		(0.47)%

(1) Reflects actual shares outstanding at March 31, 2012.
(2) Excludes underwriters option to purchase 249,000 shares.

Impact On New Investors

Investors who are not currently stockholders and who participate in this offering and whose investment per share is greater than the resulting net asset value per share due to selling compensation and expenses paid by us will experience an immediate decrease, although small, in the net asset value of their shares and their net asset value per share compared to the price they pay for their shares. Investors who are not currently stockholders and who participate in this offering and whose investment per share is also less than the resulting net asset value per share will experience an immediate increase in the net asset value of their shares and their net asset value per share compared to the price they pay for their shares. These latter investors will experience a disproportionately greater participation in our earnings and assets and their voting power than our increase in assets, potential earning power and voting interests due to such offering. These investors will, however, be subject to the risk that we may make additional discounted offerings in which such new stockholder does not participate, in which case such new stockholder will experience dilution as described above in such subsequent offerings. These investors may also experience a decline in

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the market price of their shares, which often reflects to some degree announced or potential decreases in net asset value per share. This decrease could be more pronounced as the size of the offering and level of discounts increases.

The following chart illustrates the level of dilution or accretion for new investors that will be experienced by a new investor who purchases the same percentage (0.10%) of the shares in the offering as the stockholder in the prior examples at the public offering price of $16.20 per share with a 4% underwriting discount and $100,000 of expenses ($15.49 per share net).

	Prior to Sale Below NAV	Following Sale	% Change
Offering Price			
Price per Share to Public		$16.20	
Net Proceeds per Share to Issuer		$15.49	
Decrease to Net Asset Value			
Total Shares Outstanding	7,640,049[(1)]	9,300,049[(2)]	21.73%
Net Asset Value per Share	$16.89	$16.64	(1.47)%
Accretion to New Stockholder A			
Shares Held by Stockholder A		1,660	
Percentage Held by Stockholder A	0.00%	0.02%	
Total Net Asset Value Held by Stockholder A		$27,624	
Total Investment by Stockholder A (At Price to Public)		$26,892	
Total Accretion to Stockholder A (Total Net Asset Value Less Total Investment)		$732	
Investment per Share Held by Stockholder A		$16.20	
Net Asset Value per Share Held by Stockholder A		$16.64	
Accretion Share Held by Stockholder A (Net Asset Value per Share Less Investment per Share)		$0.44	
Percentage Accretion to Stockholder A (Accretion per Share Divided by Investment per Share)			2.72%

(1) Reflects actual shares outstanding at March 31, 2012.
(2) Excludes underwriters option to purchase 249,000 shares.

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PRICE RANGE OF COMMON STOCK AND DISTRIBUTIONS

Our common stock is traded on NASDAQ, under the symbol HRZN. The following table sets forth, for each fiscal quarter since our IPO, the range of high and low sales prices of our common stock as reported on NASDAQ, the sales price as a percentage of our net asset value and the distributions declared by us for each fiscal quarter.

	Net Asset Value(1)	Closing Sales Price		Premium/ Discount of High Sales Price to Net Asset Value(2)	Premium/ Discount of Low Sales Price to Net Asset Value(2)	Cash Distributions per Share(3)
		High	Low			
Year ended December 31, 2012						
Third Quarter(4)	$ *	$ 16.77	$ 16.15	*%	*%	$ *
Second Quarter	$ *	$ 17.12	$ 15.03	*%	*%	$ *
First Quarter	$ 16.89	$ 17.05	$ 16.05	101 %	95 %	$ 0.45
Year ended December 31, 2011						
Fourth Quarter	$ 17.01	$ 16.32	$ 14.40	96 %	85 %	$ 0.45
Third Quarter	$ 17.36	$ 16.25	$ 13.88	94 %	80 %	$ 0.45
Second Quarter	$ 17.40	$ 16.17	$ 15.21	93 %	87 %	$ 0.40
First Quarter	$ 17.23	$ 16.25	$ 14.90	94 %	86 %	$ 0.33
Year ended December 31, 2010						
Fourth Quarter(5)	$ 16.75	$ 15.59	$ 13.83	93 %	83 %	$ 0.22

(1) Net asset value per share is determined as of the last day in the relevant quarter and therefore may not reflect the net asset value per share on the date of the high and low sales prices. The net asset values shown are based on outstanding shares at the end of each period.

(2) Calculated as the respective high or low sales price divided by net asset value.

(3) Represents the distribution declared for the specified quarter. We have adopted an opt out dividend reinvestment plan for our common stockholders. As a result, if we declare a distribution, then stockholders cash distributions are automatically reinvested in additional shares of our common stock, unless they specifically opt out of the dividend reinvestment plan so as to receive cash distributions. See Dividend Reinvestment Plan in the accompanying prospectus.

(4) From July 1, 2012 to July 16, 2012.

(5) From October 29, 2010 (initial public offering) to December 31, 2010.

* Not yet determined at the time of filing.

The last reported price for our common stock on July 16, 2012 was $16.74 per share. As of July 16, 2012, we had four stockholders of record, which does not include stockholders for whom shares are held in nominee or street name.

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SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following selected consolidated financial data of Horizon Technology Finance Corporation as of December 31, 2011, 2010, 2009 and 2008, and for the year ended December 31, 2011, the period from October 29, 2010 to December 31, 2010, the period from January 1, 2010 to October 28, 2010, the year ended December 31, 2009, and the period from March 4, 2008 (Inception) to December 31, 2008 is derived from the consolidated financial statements that have been audited by McGladrey LLP, an independent registered public accounting firm, and shoud be read in conjunction with our financial statements and related notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations in the accompanying prospectus. Interim financial information for the three months ended March 31, 2012 and 2011 is derived from our unaudited consolidated financial statements, and in the opinion of management, reflects all adjustments (consisting only of normal recurring adjustments) that are necessary to present fairly the results of such interim period. This interim selected financial data should be read in conjunction with our financial statements and related notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations. For the periods prior to October 29, 2010, the financial data refers to Compass Horizon Funding Company LLC.

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

In this section, except where the context suggests otherwise, the terms we, us, our and Horizon Technology Finance refer to Horizon Technology Finance Corporation and its consolidated subsidiaries. The information contained in this section should be read in conjunction with our consolidated financial statements and related notes thereto appearing elsewhere in this prospectus supplement. For periods prior to October 28, 2010, the consolidated financial statements and related footnotes reflect the performance of our predecessor, Compass Horizon, and its wholly owned subsidiary, Horizon Credit I LLC, both of which were formed in January 2008 and commenced operations in March 2008. Amounts are stated in thousands, except shares and per share data and where otherwise noted.

Overview

We are a specialty finance company that lends to and invests in development-stage companies in the technology, life science, healthcare information and services and cleantech industries. Our investment objective is to generate current income from the loans we make and capital appreciation from the warrants we receive when making such loans. We make Venture Loans to companies backed by established venture capital and private equity firms in our Target Industries. We also selectively lend to publicly traded companies in our Target Industries.

We are an externally managed, closed-end, non-diversified management investment company that has elected to be regulated as a BDC under the 1940 Act. As a BDC, we are required to comply with regulatory requirements, including limitations on our use of debt. We are permitted to, and expect to, finance our investments through borrowings. However, as a BDC, we are only generally allowed to borrow amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% after such borrowing. The amount of leverage that we employ depends on our assessment of market conditions and other factors at the time of any proposed borrowing.

Compass Horizon, our predecessor company, commenced operations in March 2008. We were formed in March 2010 for the purpose of acquiring Compass Horizon and continuing its business as a public entity.

Portfolio Composition and Investment Activity

The following table shows our portfolio composition by asset class as of March 31, 2012 and December 31, 2011:

	March 31, 2012			December 31, 2011		
	# of Investments	Fair Value	% of Total Portfolio	# of Investments	Fair Value	% of Total Portfolio
Term loans	33	$ 158,516	94.7 %	37	$ 172,363	96.8 %
Revolving loans	1	2,943	1.8 %			0.0 %
Equipment loans	1	550	0.3 %	1	923	0.5 %
Total loans	35	162,009	96.8 %	38	173,286	97.3 %

Warrants	48	4,638	2.8 %	47	4,098	2.3 %
Equity	3	649	0.4 %	3	629	0.4 %
Total		$ 167,296	100.0 %		$ 178,013	100.0 %

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Total portfolio investment activity for the three months ended March 31, 2012 and 2011 was as follows:

	For the three months ended March 31, 2012	For the three months ended March 31, 2011
Beginning portfolio	$ 178,013	$ 136,810
New loan funding	31,700	28,833
Less refinanced balances	(18,739)	(2,770)
Net new loan funding	12,961	26,063
Principal payments received on investments	(9,120)	(7,759)
Early pay-offs	(14,205)	(3,347)
Accretion of loan fees	642	395
New loan fees	(182)	(513)
New equity		577
Proceeds from sale of investments		(321)
Net realized gain on investments		289
Net (depreciation) appreciation on investments	(813)	1,022
Ending portfolio	$ 167,296	$ 153,216

We receive payments in our loan portfolio based on scheduled amortization of the outstanding balances. In addition, we receive repayments of some of our loans prior to their scheduled maturity date. The frequency or volume of these repayments may fluctuate significantly from period to period.

The following table shows our debt investments by industry sector as of March 31, 2012 and December 31, 2011:

	March 31, 2012		December 31, 2011	
	Loans at Fair Value	Percentage of Total Portfolio	Loans at Fair Value	Percentage of Total Portfolio
Life Science				
Biotechnology	$ 40,979	25.3 %	$ 39,854	23.0 %
Medical Device	18,344	11.3 %	19,281	11.1 %
Technology				
Consumer-Related Technologies	190	0.1 %	1,762	1.0 %
Networking	550	0.4 %	923	0.5 %
Software	22,998	14.2 %	23,354	13.5 %
Data Storage	1,937	1.2 %	3,437	2.0 %
Internet and Media	1,962	1.2 %		
Communications			5,134	3.0 %
Semiconductors	11,797	7.3 %	11,765	6.8 %
Cleantech				
Energy Efficiency	25,162	15.5 %	23,790	13.7 %
Waste Recycling	4,089	2.5 %	4,455	2.6 %
Healthcare Information and Services				
Diagnostics	16,756	10.4 %	21,347	12.3 %
Other Healthcare Related Services	17,245	10.6 %	18,184	10.5 %

Total	$ 162,009	100.0 %	$ 173,286	100.0 %

The largest loans may vary from year to year as new loans are recorded and repaid. Our five largest loans represented approximately 32% and 28% of total loans outstanding as of March 31, 2012 and

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December 31, 2011, respectively. No single loan represented more than 10% of our total loans as of March 31, 2012 and December 31, 2011.

Loan Portfolio Asset Quality

We use a credit rating system which rates each loan on a scale of 4 to 1, with 4 being the highest credit quality rating and 3 being the rating for a standard level of risk. A rating of 2 or 1 represents a deteriorating credit quality and increased risk. The following table shows the classification of our loan portfolio by credit rating as of March 31, 2012 and December 31, 2011:

	March 31, 2012		December 31, 2011	
Credit Rating	Loans at Fair Value	Percentage of Loan Portfolio	Loans at Fair Value	Percentage of Loan Portfolio
4	$ 38,897	24.0%	$ 30,108	17.4%
3	107,353	66.3%	$ 119,753	69.1%
2	13,822	8.5%	$ 23,425	13.5%
1	1,937	1.2%		
Total	$ 162,009	100.0%	$ 173,286	100.0%

As of March 31, 2012 and December 31, 2011, our loan portfolio had a weighted average credit rating of 3.2 and 3.1, respectively. As of March 31, 2012, there was one investment on non-accrual status with an approximate cost of $4.9 million and fair value of approximately $1.9 million. There were no loans on non-accrual status as of December 31, 2011.

Consolidated Results of Operations

Consolidated operating results for the three months ended March 31, 2012 and 2011 are as follows:

	For the three months ended March 31,	
	2012	2011
Total investment income	$ 6,625	$ 5,460
Total expenses	3,273	3,232
Net investment income	3,352	2,228
Net realized gains		206
Net unrealized (depreciation) appreciation	(813)	1,194
Net income	$ 2,539	$ 3,628
Average debt investments, at fair value	$ 171,592	$ 140,177
Average debt outstanding	$ 65,469	$ 85,075

Net income can vary substantially from period to period for various reasons, including the recognition of realized gains and losses and unrealized appreciation and depreciation. As a result, quarterly comparisons of net income may not be meaningful.

Investment Income

Investment income increased by $1.2 million, or 21.3%, for the three months ended March 31, 2012 as compared to the three months ended March 31, 2011. For the three months ended March 31, 2012, total investment income consisted primarily of $5.9 million in interest income from investments, which included $0.6 million in income from the amortization of discounts and origination fees on investments. Interest income on investments and other investment income increased primarily due to the increased average size of the loan portfolio. Fee income on investments was primarily comprised of prepayment fees from our portfolio companies. For the three months ended March 31, 2011, total investment income consisted primarily of $4.9 million in interest income from investments, which included $0.4 million in income from the amortization of discounts and origination fees on investments. Fee income on investments for the three months ended March 31, 2011 was primarily comprised of a one-time success fee received upon the completion of an acquisition of one of our portfolio companies.

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For both the three months ended March 31, 2012 and 2011, our dollar-weighted average annualized yield on average loans was approximately 15.4%. Investment income, consisting of interest income and fees on loans, can fluctuate significantly upon repayment of large loans. Interest income from the five largest loans accounted for approximately 29% and 31% of investment income for the three months ended March 31, 2012 and 2011, respectively.

As of March 31, 2012 and December 31, 2011, interest receivable was $2.5 million and $3.0 million, respectively, which represents one month of accrued interest income on substantially all our loans and end of term payments on a portion of our loans. The decrease in 2012 was due to the receipt of end of term payments on loan prepayments during the quarter.

Expenses

Total expenses increased by $0.1 million, or 1.3%, to $3.3 million for the three months ended March 31, 2012 as compared to the three months ended March 31, 2011. Total operating expenses for each period consisted principally of interest expense, management fees, incentive and administrative fees and, to a lesser degree, professional fees and general and administrative expenses. Interest expense, which includes the amortization of debt issuance costs, decreased for the three months ended March 31, 2012 compared to the three months ended March 31, 2011 primarily due to a decrease in the weighted average of outstanding borrowings to $65.5 million from $85.1 million, respectively.

Management fee expense for the three months ended March 31, 2012 decreased compared to the three months ended March 31, 2011 as a result of a decrease in average assets as we deleveraged our portfolio. Performance based incentive fees increased by $0.3 million as a result of the increase in pre-incentive fee net investment income for the three months ended March 31, 2012 compared to the three months ended March 31, 2011.

Professional fees and general and administrative expenses primarily include legal and audit fees and insurance premiums. These expenses were $0.5 million for the three months ended March 31, 2012 and 2011.

Net Realized Gains and Net Unrealized Appreciation and Depreciation

Realized gains or losses on investments are measured by the difference between the net proceeds from the repayment or sale and the cost basis of our investments without regard to unrealized appreciation or depreciation previously recognized and includes investments charged off during the period, net of recoveries. The net change in unrealized appreciation or depreciation on investments primarily reflects the change in portfolio investment fair values during the reporting period, including the reversal of previously recorded unrealized appreciation or depreciation when gains or losses are realized.

During the three months ended March 31, 2012, no realized gains or losses were recognized. During the three months ended March 31, 2011, we recognized realized gains of approximately $0.2 million primarily due to the sale of warrants of two portfolio companies.

During the three months ended March 31, 2012, net unrealized depreciation on investments totaled approximately $0.8 million which was primarily due to $1.2 million of net unrealized depreciation on six debt investments partially offset by unrealized appreciation on our warrant and equity investments. For three months ended March 31, 2011, net unrealized appreciation on investments totaled approximately $1.2 million which was primarily due to an increase in the enterprise value of a number of private companies for which we hold warrants and an increase in the share value of a public company for which we hold warrants and common stock.

Liquidity and Capital Resources

As of March 31, 2012 and December 31, 2011, we had cash and investments in money market funds of $28.6 million and $14.8 million, respectively. These amounts are available to fund new investments, reduce borrowings under the Credit Facilities, pay operating expenses and pay dividends. Our primary sources of capital have been from our IPO, use of our Credit Facilities, issuance of our Senior Notes and from the private placement for $50 million of equity capital we completed on March 4, 2008.

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The WestLB Facility had a three year initial revolving term which ended on March 3, 2011. The outstanding principal balance under the WestLB Facility was $35.4 million as of March 31, 2012 and is amortizing based on debt investment payments received through March 3, 2015.

As of March 31, 2012, we had available borrowing capacity of approximately $70.2 million under our Wells Facility, subject to existing terms and advance rates. As of March 31, 2012, the outstanding principal balance under the Wells Facility was $4.8 million. Based on eligible loans held by Horizon Credit II LLC (Credit II), we had excess availability of $25.5 million as of March 31, 2012.

Our operating activities provided cash of $3.2 million for the three months ended March 31, 2012 and our financing activities provided net cash proceeds of $1.2 million for the same period. Our operating activities provided cash primarily from normal amortization and prepayments of our debt investments. Our financing activity provided cash primarily from our issuance of our Senior Notes offset by payments made on our Credit Facilities and our dividends paid in the first quarter.

Our operating activities used cash of $14.3 million for the three months ended March 31, 2011 and our financing activities provided net cash proceeds of $5 million for the same period. Our operating activities used cash primarily for investing in portfolio companies that was provided primarily from our availability on our Credit Facilities.

Our primary use of available funds is to make investments in portfolio companies and for general corporate purposes. We expect to opportunistically raise additional equity and debt capital as needed, and subject to market conditions, to support our future growth through future equity offerings, issuances of senior securities and/or future borrowings, to the extent permitted by the 1940 Act.

In order to satisfy the Code requirements applicable to a RIC, we intend to distribute to our stockholders all or substantially all of our income except for certain net capital gains. In addition, as a BDC, we generally will be required to meet a coverage ratio of 200%. This requirement will limit the amount that we may borrow.

Current Borrowings

We, through our wholly owned subsidiary, Horizon Credit I LLC (Credit I), entered into the WestLB Facility. The base rate borrowings under the WestLB Facility bear interest at one-month LIBOR (0.24% as of March 31, 2012 and 0.30% as of December 31, 2011) plus 2.50%. The rates were 2.74% and 2.80% as of March 31, 2012 and December 31, 2011, respectively. We were able to request advances under the WestLB Facility through March 4, 2011. We may not request new advances and we must repay the outstanding advances under the WestLB Facility as of such date and at such times and in such amounts as are necessary to maintain compliance with the terms and conditions of the WestLB Facility, particularly the condition that the principal balance of the WestLB Facility does not exceed seventy-five percent (75%) of the aggregate principal balance of our eligible loans to our portfolio companies. All outstanding advances under the WestLB Facility are due and payable on March 4, 2015.

The WestLB Facility is collateralized by all loans and warrants held by Credit I and permits an advance rate of up to 75% of eligible loans held by Credit I. The WestLB Facility contains covenants that, among other things, require us to maintain a minimum net worth and to restrict the loans securing the WestLB Facility to certain criteria for qualified loans, and includes portfolio company concentration limits as defined in the related loan agreement.

We, through our wholly owned subsidiary, Credit II entered into the Wells Facility on July 14, 2011. The interest rate is based upon the one-month LIBOR plus a spread of 4.00%, with a LIBOR floor of 1.00%. The interest rate was

5.00% as of March 31, 2012 and December 31, 2011.

We may request advances under the Wells Facility through July 14, 2014 (the Revolving Period). After the Revolving Period, we may not request new advances and we must repay the outstanding advances under the Wells Facility as of such date, at such times and in such amounts as are necessary to maintain compliance with the terms and conditions of the Wells Facility, particularly the condition that the principal balance of the Wells Facility does not exceed fifty percent (50%) of the aggregate principal balance of our eligible loans to our portfolio companies. All outstanding advances under the Wells Facility are due and payable on July 14, 2017.

The Wells Facility is collateralized by loans held by Credit II and permits an advance rate of up to 50% of eligible loans held by Credit II. The Wells Facility contains covenants that, among other things, require us to maintain a minimum net worth, to restrict the loans securing the Wells Facility to certain criteria for qualified loans and to comply with portfolio company concentration limits as defined in the related loan agreement.

On March 23, 2012, we issued and sold $30 million aggregate principal amount of the Senior Notes. The Senior Notes will mature on March 15, 2019 and may be redeemed in whole or in part at our option at any time or from time to time on or after March 15, 2015 at a redemption price of $25 per security plus accrued and unpaid interest. The Senior Notes bear interest at a rate of 7.375% per year payable quarterly on March 15, June 15, September 15 and December 15 of each year, beginning June 15, 2012. The Senior Notes are our direct, unsecured obligations and rank (i) pari passu with our future senior unsecured indebtedness; (ii) senior to any of our future indebtedness that expressly provides it is subordinated to the Senior Notes; (iii) effectively subordinated to all of our existing and future secured indebtedness (including indebtedness that is initially unsecured to which we subsequently grant security), to the extent of the value of the assets securing such indebtedness, including without limitation, borrowings under our Credit Facilities and (iv) structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries.

In connection with the Senior Notes, we granted the underwriters a 30-day option to purchase up to an additional $4.5 million in aggregate principal amount of the Senior Notes to cover overallotments, if any. Pursuant to this option, $3.0 million in aggregate principal amount of the Senior Notes were issued and sold on April 18, 2012.

As of March 31, 2012 and December 31, 2011, other assets were $3.0 million and $2.0 million, respectively, which were comprised primarily of debt issuance costs and prepaid expenses. The increase in the first quarter of 2012 was due to the debt issuance costs of approximately $1.1 million incurred related to the Senior Notes.

Contractual Obligations and Off-Balance Sheet Arrangements

A summary of our significant contractual payment obligations and off-balance sheet arrangements as of March 31, 2012 are as follows:

	Payments due by period				
Contractual Obligations	Total	Less than 1 year	1 3 years	3 5 years	After 5 years
Borrowings	$ 70,236	$ 31,466	$ 8,770	$	$ 30,000
Unfunded commitments	16,000	14,000	2,000		
Total contractual obligations	$ 86,236	$ 45,466	$ 10,770	$	$ 30,000

In the normal course of business, we are party to financial instruments with off-balance sheet risk. These consist primarily of unfunded commitments to extend credit, in the form of loans, to our portfolio companies. Unfunded commitments to provide funds to portfolio companies are not reflected on our balance sheet. Our unfunded commitments may be significant from time to time. As of March 31, 2012, we had unfunded commitments of approximately $16.0 million. These commitments will be subject to the same underwriting and ongoing portfolio maintenance as are the balance sheet financial instruments that we hold. Since these commitments may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements.

In addition to the Credit Facilities and the Senior Notes, we have certain commitments pursuant to our Investment Management Agreement. We have agreed to pay a fee for investment advisory and management services consisting of two components a base management fee and an incentive fee. Payments under the Investment Management Agreement are equal to (1) a base management fee equal to a

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percentage of the value of our average gross assets and (2) a two-part incentive fee. We have also entered into a contract with our Advisor to serve as our administrator. Payments under the Administration Agreement are equal to an amount based upon our allocable portion of our Advisor s overhead in performing its obligation under the agreement, including rent, fees, and other expenses inclusive of our allocable portion of the compensation of our chief financial officer and chief compliance officer and their respective staff. See Note 3 to our Consolidated Financial Statements for additional information regarding our Investment Management Agreement and our Administration Agreement.

Distributions

In order to qualify as a RIC and to avoid corporate level tax on the income we distribute to our stockholders, we are required under the Code to distribute at least 90% of our net ordinary income and net short-term capital gains in excess of net long-term capital losses, if any, to our stockholders on an annual basis. Additionally, we must distribute at least 98% of our ordinary income and 98.2% of our capital gain net income on an annual basis and any net ordinary income and net capital gains for preceding years that were not distributed during such years and on which we previously paid no U.S. federal income tax to avoid a U.S. federal excise tax. We intend to distribute quarterly dividends to our stockholders as determined by our Board of Directors.

We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of our distributions from time to time. In addition, we may be limited in our ability to make distributions due to the asset coverage requirements applicable to us as a BDC under the 1940 Act. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including the possible loss of our qualification as a RIC. We cannot assure stockholders that they will receive any distributions.

To the extent our taxable earnings fall below the total amount of our distributions for that fiscal year, a portion of those distributions may be deemed a return of capital to our stockholders for U.S. federal income tax purposes. Thus, the source of a distribution to our stockholders may be the original capital invested by the stockholder rather than our income or gains. Stockholders should read any written disclosure accompanying a dividend payment carefully and should not assume that the source of any distribution is our ordinary income or gains.

We have adopted an opt out dividend reinvestment plan for our common stockholders. As a result, if we declare a distribution, then stockholders cash distributions will be automatically reinvested in additional shares of our common stock unless a stockholder specifically opts out of our dividend reinvestment plan. If a stockholder opts out, that stockholder will receive cash distributions. Although distributions paid in the form of additional shares of our common stock will generally be subject to U.S. federal, state and local taxes in the same manner as cash distributions, stockholders participating in our dividend reinvestment plan will not receive any corresponding cash distributions with which to pay any such applicable taxes.

Critical Accounting Policies

The discussion of our financial condition and results of operation is based upon our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Changes in the economic environment, financial markets and any other parameters used in determining such estimates could cause actual results to differ. In addition to the discussion below, we describe our significant accounting policies in the notes to our consolidated financial statements.

We have identified the following items as critical accounting policies.

Valuation of Investments

Investments are recorded at fair value. Our Board of Directors determines the fair value of its portfolio investments. We apply fair value to substantially all of our investments in accordance with relevant GAAP, which establishes a framework used to measure fair value and requires disclosures for fair value

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measurements. We have categorized our investments carried at fair value, based on the priority of the valuation technique, into a three-level fair value hierarchy. Fair value is a market-based measure considered from the perspective of the market participant who holds the financial instrument rather than an entity specific measure. Therefore, when market assumptions are not readily available, our own assumptions are set to reflect those that management believes market participants would use in pricing the financial instrument at the measurement date.

The availability of observable inputs can vary depending on the financial instrument and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new, whether the product is traded on an active exchange or in the secondary market and the current market conditions. To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. The three categories within the hierarchy are as follows:

Level 1	Quoted prices in active markets for identical assets and liabilities.
Level 2	Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active and model-based valuation techniques for which all significant inputs are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
Level 3	Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Income Recognition

Interest on loan investments is accrued and included in income based on contractual rates applied to principal amounts outstanding. Interest income is determined using a method that results in a level rate of return on principal amounts outstanding. When a loan becomes 90 days or more past due, or if we otherwise do not expect to receive interest and principal repayments, the loan is placed on non-accrual status and the recognition of interest income is discontinued. Interest payments received on loans that are on non-accrual status are treated as reductions of principal until the principal is repaid.

We receive a variety of fees from borrowers in the ordinary course of conducting our business, including advisory fees, commitment fees, amendment fees, non-utilization fees and prepayment fees (collectively, the Fees). In a limited number of cases, we may also receive a non-refundable deposit earned upon the termination of a transaction. Loan origination fees, net of certain direct origination costs, are deferred, and along with unearned income, are amortized as a level yield adjustment over the respective term of the loan. The Fees for counterparty loan commitments with multiple loans are allocated to each loan based upon each loan s relative fair value. When a loan is placed on non-accrual status, the amortization of the related fees and unearned income is discontinued until the loan is returned to accrual status.

Certain loan agreements also require the borrower to make an end-of-term payment that is accrued into income over the life of the loan to the extent such amounts are expected to be collected. We will generally cease accruing the income if there is insufficient value to support the accrual or if we do not expect the borrower to be able to pay all principal and interest due.

In connection with substantially all lending arrangements, we receive warrants to purchase shares of stock from the borrower. The warrants are recorded as assets at estimated fair value on the grant date using the Black-Scholes valuation model. The warrants are considered loan fees and are also recorded as unearned loan income on the grant date. The unearned income is recognized as interest income over the contractual life of the related loan in accordance with our income recognition policy. Subsequent to loan origination, the warrants are also measured at fair value using the Black-Scholes valuation model. Any adjustment to fair value is recorded through earnings as net unrealized gain or loss on warrants. Gains from the disposition of the warrants or stock acquired from the exercise of warrants are recognized as realized gains on warrants.

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Income taxes

We have elected to be treated as a RIC under subchapter M of the Code and operate in a manner so as to qualify for the tax treatment applicable to RICs. In order to qualify as a RIC, among other things, we are required to meet certain source of income and asset diversification requirements and we must timely distribute to our stockholders at least 90% of investment company taxable income, as defined by the Code, for each year. We, among other things, have made and intend to continue to make the requisite distributions to our stockholders, which will generally relieve us from U.S. federal income taxes.

Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year dividend distributions into the next tax year and pay a 4% excise tax on such income, as required. To the extent that we determine that our estimated current year annual taxable income will be in excess of estimated current year dividend distributions, we will accrue excise tax, if any, on estimated excess taxable income as taxable income is earned.

We evaluate tax positions taken in the course of preparing our tax returns to determine whether the tax positions are more-likely-than-not to be sustained by the applicable tax authority. Tax benefits of positions not deemed to meet the more-likely-than-not threshold, or uncertain tax positions, would be recorded as a tax expense in the current year. It is our policy to recognize accrued interest and penalties related to uncertain tax benefits in income tax expense. There were no material uncertain tax positions at March 31, 2012 and December 31, 2011.

Recently Issued Accounting Standards

In May 2011, the FASB issued Accounting Standards Update (ASU) 2011-04, Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRs, (ASU 2011-04). ASU 2011-04 converges the fair value measurement guidance in U.S. GAAP and International Financial Reporting Standards (IFRSs). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in existing guidance. In addition, ASU 2011-04 requires additional fair value disclosures. The Company adopted ASU 2011-04 in the quarter ended March 31, 2012.

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UNDERWRITING

We are offering the common stock described in this prospectus supplement and the accompanying prospectus through a number of underwriters. Wells Fargo Securities, LLC and Stifel, Nicolaus & Company, Incorporated are acting as representatives of the underwriters. We have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus supplement, the number of shares of common stock listed next to its name in the following table:

Underwriter	Number of Shares
Wells Fargo Securities, LLC	805,100
Stifel, Nicolaus & Company, Incorporated	564,400
BB&T Capital Markets, a division of Scott & Stringfellow, LLC	83,000
Sterne, Agee & Leach, Inc.	83,000
JMP Securities LLC	83,000
Gilford Securities Incorporated	41,500
Total	1,660,000

The underwriting agreement provides that the obligations of the underwriters to pay for and accept delivery of the shares of common stock offered hereby are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are severally obligated to take and pay for all shares of common stock offered hereby (other than those covered by the underwriters' option to purchase additional shares described below) if any such shares are taken. We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act.

Option to Purchase Additional Shares

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to an aggregate of 249,000 additional shares of common stock at the public offering price set forth on the cover page hereof, less the underwriting discounts and commissions. To the extent such option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase approximately the same percentage of such additional shares of common stock as the number set forth next to such underwriter's name in the preceding table bears to the total number of shares set forth next to the names of all underwriters in the preceding table.

Lock-Up Agreements

Each of us, our directors and executive officers has agreed that, without the prior written consent of Wells Fargo Securities, LLC on behalf of the underwriters, each of us will not, during the period ending 90 days after the date of this prospectus supplement:

offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock; or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequence of ownership of the common stock;

Whether any transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise.

The restrictions described in the preceding paragraph do not apply to:

the sale of shares to the underwriters;

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the issuance by us of shares of common stock upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this prospectus supplement of which the underwriters have been advised in writing; or

transactions by any person other than us relating to shares of common stock or other securities acquired in open market transactions after the completion of the offering of the shares.

The 90-day restricted period described above is subject to extension such that, in the event that either (a) during the last 17 days of the 90-day restricted period, we issue an earnings release or material news or a material event relating to us occurs or (b) prior to the expiration of the 90-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 90-day period, the lock-up restrictions described above will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. The release of any securities subject to these lock-up agreements is considered on a case-by-case basis. Factors that would be considered by Wells Fargo Securities, LLC in determining whether to release securities subject to these lock-up agreements may include the length of time before the lock-up agreement expires, the number of shares or other securities involved, the reason for a requested release, market conditions at the time of the requested release, the trading price of our common stock, historical trading volumes of our common stock and whether the person seeking the release is an officer, director or affiliate of ours.

Commissions and Discounts

The underwriters propose to offer the shares directly to the public at the public offering price set forth on the cover page of this prospectus supplement and to certain dealers at a price that represents a concession not in excess of $0.389 per share below the public offering price. After the public offering of the shares, the offering price and other selling terms may be changed by the underwriters.

The underwriting fee is equal to the public offering price per share of common stock less the amount paid by the underwriters to us per share of common stock. The underwriting fee is $0.648 per share. The following table shows the price per share of common stock and total underwriting discounts and commissions to be paid to the underwriters assuming both no exercise and full exercise of the underwriters option to purchase additional shares of common stock.

	Per share		Total	
	Without Additional Shares	With Additional Shares	Without Additional Shares	With Additional Shares
Initial price to public	$16.200	$16.200	$26,892,000	$30,925,800
Underwriting discounts and commissions payable by us on shares sold to the public	$0.648	$0.648	$1,075,680	$1,237,032
Proceeds before expenses	$15.552	$15.552	$25,816,320	$29,688,768

We will pay all expenses incident to the offering and sale of shares of our common stock by us in this offering. We estimate that the total expenses of the offering, excluding the underwriting discounts and commissions will be approximately $100,000.

Price Stabilization, Short Positions and Penalty Bids

In connection with this offering, the underwriters may purchase and sell shares of our common stock in the open market. These transactions may include short sales, syndicate covering transactions and stabilizing transactions. A short sale involves syndicate sales of shares in excess of the number of shares to be purchased by the underwriters in the offering, which creates a syndicate short position. Syndicate covering transactions involve purchases of shares in the open market after the distribution has been completed in order to cover syndicate short positions.

Stabilizing transactions consist of some bids or purchases of shares of our common stock made for the purpose of preventing or slowing a decline in the market price of the shares while the offering is in progress.

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In addition, the underwriters may impose penalty bids, under which they may reclaim the selling concession from a syndicate member when the shares of our common stock originally sold by that syndicate member are purchased in a stabilizing transaction or syndicate covering transaction to cover syndicate short positions.

Similar to other purchase transactions, these activities may have the effect of raising or maintaining the market price of the common stock or preventing or slowing a decline in the market price of the common stock. As a result, the price of the common stock may be higher than the price that might otherwise exist in the open market. Except for the sale of shares of our common stock in this offering, the underwriters may carry out these transactions on NASDAQ, in the over-the-counter market or otherwise.

Neither the underwriters nor we make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the shares. In addition, neither the underwriters nor we make any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Sales Outside the United States

No action has been taken in any jurisdiction (except in the United States) that would permit a public offering of the common stock, or the possession, circulation or distribution of this prospectus supplement or accompanying prospectus or any other material relating to us or the common stock in any jurisdiction where action for that purpose is required. Accordingly, the common stock may not be offered or sold, directly or indirectly, and none of this prospectus supplement, the accompanying prospectus or any other offering material or advertisements in connection with the common stock may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

Each of the underwriters may arrange to sell common shares offered hereby in certain jurisdictions outside the United States, either directly or through affiliates, where they are permitted to do so. In that regard, Wells Fargo Securities, LLC may arrange to sell shares in certain jurisdictions through an affiliate, Wells Fargo Securities International Limited, or WFSIL. WFSIL is a wholly-owned indirect subsidiary of Wells Fargo & Company and an affiliate of Wells Fargo Securities, LLC. WFSIL is a United Kingdom incorporated investment firm regulated by the Financial Services Authority. Wells Fargo Securities is the trade name for certain corporate and investment banking services of Wells Fargo & Company and its affiliates, including Wells Fargo Securities, LLC and WFSIL.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of shares of our common stock to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares of our common stock which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of shares to the public in that Relevant Member State at any time:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43 million and (3) an annual net turnover of more than €50 million, as shown in its last annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or

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(d) in any other circumstances which do not require the publication by the issuer of a prospectus supplement and accompanying prospectus pursuant to Article 3 of the Prospectus Directive;

provided that no such offer of our common stock shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of shares to the public in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each underwriter has represented and agreed that:

it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act of 2000, or the FSMA) received by it in connection with the issue or sale of the shares of our common stock in circumstances in which Section 21(1) of the FSMA does not apply to us; and

it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to our common stock in, from or otherwise involving the United Kingdom.

United Kingdom

In addition, each underwriter: (a) has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of shares of our common stock in circumstances in which Section 21(1) of the FSMA does not apply to us, and (b) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to our common stock in, from or otherwise involving the United Kingdom.

Without limitation to the other restrictions referred to in this prospectus, this prospectus is directed only at (1) persons outside the United Kingdom; (2) persons having professional experience in matters relating to investments who fall within the definition of investment professionals in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005; or (3) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. Without limitation to the other restrictions referred to herein, any investment or investment activity to which this prospectus relates is available only to, and will be engaged in only with, such persons, and persons within the United Kingdom who receive this communication (other than persons who fall within (2) or (3) above) should not rely or act upon this communication.

France

The prospectus (including any amendment, supplement or replacement thereto) has not been prepared in connection with the offering of our securities that has been approved by the Autorité des marchés financiers or by the competent authority of another State that is a contracting party to the Agreement on the European Economic Area and notified to the Autorité des marchés financiers; no security has been offered or sold and will be offered or sold, directly or indirectly, to the public in France within the meaning of Article L. 411-1 of the French Code Monétaire et Financier except to permitted investors, or Permitted Investors, consisting of persons licensed to provide the investment service of portfolio management for the account of third parties, qualified investors (investisseurs qualifiés) acting for their own account and/or corporate investors meeting one of the four criteria provided in article D. 341-1 of the French Code Monétaire et Financier and belonging to a limited circle of investors (cercle restreint d investisseurs) acting for their own account, with qualified investors and limited circle of investors having the meaning

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ascribed to them in Article L. 411-2, D. 411-1, D. 411-2, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Code Monétaire et Financier; none of this prospectus or any other materials related to the offer or information contained in this prospectus relating to our common stock has been released, issued or distributed to the public in France except to permitted investors; and the direct or indirect resale to the public in France of any securities acquired by any permitted investors may be made only as provided by articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Code Monétaire et Financier and applicable regulations thereunder.

Hong Kong

Shares of our common stock may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of shares of our common stock may not be circulated or distributed, nor may shares of our common stock be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where shares of our common stock are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the shares of our common stock under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Japan

Our common stock has not been and will not be registered under the Securities and Exchange Law of Japan, or the Securities and Exchange Law, and each underwriter has agreed that it will not offer or sell any shares of our common stock, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

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Notice to Prospective Investors in Switzerland

This document as well as any other material relating to the shares of our common stock which are the subject of the offering contemplated by this prospectus do not constitute an issue prospectus pursuant to Article 652a of the Swiss Code of Obligations. Our common stock will not be listed on the SWX Swiss Exchange and, therefore, the documents relating to our common stock, including, but not limited to, this document, do not claim to comply with the disclosure standards of the listing rules of SWX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SWX Swiss Exchange.

Our common stock is being offered in Switzerland by way of a private placement, *i.e.* to a small number of selected investors only, without any public offer and only to investors who do not purchase shares of our common stock with the intention to distribute them to the public. The investors will be individually approached by us from time to time.

This document as well as any other material relating to our common stock is personal and confidential and does not constitute an offer to any other person. This document may only be used by those investors to whom it has been handed out in connection with the offering described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

Notice to Prospective Investors in the Dubai International Financial Centre

This document relates to an exempt offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with exempt offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The shares of our common stock which are the subject of the offering contemplated by this prospectus may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares of our common stock offered should conduct their own due diligence on our common stock. If you do not understand the contents of this document you should consult an authorized financial adviser.

Electronic Delivery

The underwriters may make this prospectus supplement and accompanying prospectus available in an electronic format. The prospectus supplement and accompanying prospectus in electronic format may be made available on a website maintained by any of the underwriters, and the underwriters may distribute such documents electronically. The underwriters may agree with us to allocate a limited number of common stock for sale to their online brokerage customers. Any such allocation for online distributions will be made by the underwriters on the same basis as other allocations.

The addresses of the underwriters are: Wells Fargo Securities, LLC, 375 Park Avenue, 4th Floor, New York, New York 10152, Stifel, Nicolaus & Company, Incorporated is 501 N. Broadway, St. Louis, Missouri 63102, BB&T Capital Markets, a division of Scott & Stringfellow, LLC, 901 East Byrd Street, Suite 300, Richmond, Virginia 23219, Sterne, Agee & Leach, Inc., 800 Shades Creek Parkway, Birmingham, Alabama 35209, JMP Securities LLC, 600 Montgomery Street, 11th Floor, San Francisco, California 94111 and Gilford Securities Incorporated, 777 Third

Avenue, 17th Floor, New York, New York 10017.

Conflicts of Interest

An affiliate of Wells Fargo Securities, LLC, an underwriter in this offering, acts as arranger, administrative agent and lender under our $75 million Wells Facility. Certain of the net proceeds from the sale of our common stock, not including underwriting compensation, are expected to be paid to such affiliate of Wells Fargo Securities, LLC in connection with the repayment of debt owed under the Wells Facility. As a result, Wells Fargo Securities, LLC and/or its affiliate may receive more than 5% of the net proceeds of this offering, not including underwriting compensation.

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Certain of the underwriters and their affiliates were underwriters in connection with our initial public offering and our subsequent debt offering, for which they received customary fees.

The underwriters and/or their affiliates from time to time provide and may in the future provide investment banking, commercial banking and financial advisory services to us, for which they have received and may receive customary compensation.

In addition, the underwriters and/or their affiliates may from time to time refer investment banking clients to us as potential portfolio investments. If we invest in those clients, we may utilize net proceeds from this offering to fund such investments, and the referring underwriter or its affiliate may receive placement fees from its client in connection with such financing, which placement fees may be paid out of the amount funded by us.

LEGAL MATTERS

Certain legal matters regarding the shares of common stock offered by this prospectus supplement will be passed upon for us by Squire Sanders (US) LLP. Certain legal matters in connection with the shares of common stock offered hereby will be passed upon for the underwriters by Fried, Frank, Harris, Shriver & Jacobson LLP, New York, New York.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our consolidated financial statements as of December 31, 2011 and 2010, and for the year ended December 31, 2011, the period from October 29, 2010 to December 31, 2010, the period from January 1, 2010 to October 28, 2010, and the year ended December 31, 2009 appearing in the accompanying prospectus and elsewhere in the registration statement have been audited by McGladrey LLP (formerly known as McGladrey & Pullen, LLP), an independent registered public accounting firm, as stated in their report in the accompanying prospectus, which report expresses an unqualified opinion, and are included in reliance upon such report and upon the authority of such firm as experts in auditing and accounting.

AVAILABLE INFORMATION

We have filed with the SEC a registration statement, of which this prospectus supplement forms a part, on Form N-2, together with all amendments and related exhibits, under the Securities Act, with respect to the shares of our common stock offered by this prospectus supplement and the accompanying prospectus. The registration statement contains additional information about us and the shares of common stock being offered by this prospectus supplement and the accompanying prospectus.

As a public company, we file with or submit to the SEC annual, quarterly and current periodic reports, proxy statements and other information meeting the informational requirements of the Exchange Act. You may inspect and copy these reports, proxy statements and other information, as well as the registration statement and related exhibits and schedules, at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information filed electronically by us with the SEC which are available on the SEC s website at *http://www.sec.gov*. Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing the SEC s Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549.

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Horizon Technology Finance Corporation and Subsidiaries

Consolidated Statements of Assets and Liabilities (Unaudited)
(In thousands, except share data)

	March 31, 2012	December 31, 2011
Assets		
Non-affiliate investments at fair value (cost of $170,745 and $180,651, respectively) (Note 4)	$ 167,296	$ 178,013
Investment in money market funds	22,944	13,518
Cash	5,697	1,298
Interest receivable	2,502	2,985
Other assets (Note 2)	2,958	1,997
Total assets	$ 201,397	$ 197,811
Liabilities		
Borrowings (Note 6)	$ 70,236	$ 64,571
Base management fee payable (Note 3)	595	330
Incentive fee payable (Note 3)	838	1,766
Other accrued expenses	683	1,260
Total liabilities	72,352	67,927
Net assets		
Preferred stock, par value $0.001 per share, 1,000,000 shares authorized, zero shares issued and outstanding as of March 31, 2012 and December 31, 2011		
Common stock, par value $0.001 per share, 100,000,000 shares authorized, 7,640,049 and 7,636,532 shares outstanding as of March 31, 2012 and December 31, 2011, respectively	8	8
Paid-in capital in excess of par	124,570	124,512
Accumulated undistributed net investment income	4,881	4,965
Net unrealized depreciation on investments	(3,472)	(2,659)
Net realized gains on investments	3,058	3,058
Total net assets	129,045	129,884
Total liabilities and net assets	$ 201,397	$ 197,811
Net asset value per common share	$ 16.89	$ 17.01

See Notes to Consolidated Financial Statements

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Horizon Technology Finance Corporation and Subsidiaries

Consolidated Statements of Operations (Unaudited) (In thousands, except share data)

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
Investment income		
Interest income on non-affiliate investments	$ 5,910	$ 4,893
Interest income on money market funds		65
Fee income on non-affiliate investments	715	502
Total investment income	6,625	5,460
Expenses		
Interest expense	675	810
Base management fee (Note 3)	994	1,075
Performance based incentive fee (Note 3)	838	529
Administrative fee (Note 3)	256	295
Professional fees	307	318
General and administrative	203	205
Total expenses	3,273	3,232
Net investment income	3,352	2,228
Net realized and unrealized (loss) gain on investments		
Net realized gain on investments		206
Net unrea		