

Horizon Technology Finance Corp  
Form DEFR14A  
April 24, 2014

**SCHEDULE 14A**

**(RULE 14a-101)**

**Information Required in Proxy Statement**  
**Schedule 14A Information**  
**Proxy Statement Pursuant to Section 14(a) of the Securities**  
**Exchange Act of 1934**

**(Amendment No. 1)**

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- |                                                                      |                                                                              |
|----------------------------------------------------------------------|------------------------------------------------------------------------------|
| <input type="checkbox"/> Preliminary Proxy Statement                 | <input type="checkbox"/> <b>Confidential, for Use of the Commission Only</b> |
| <input checked="" type="checkbox"/> Definitive Proxy Statement       | <b>(as permitted by Rule 14a-6(e)(2))</b>                                    |
| <input type="checkbox"/> Definitive Additional Material              |                                                                              |
| <input type="checkbox"/> Soliciting Material Pursuant to Rule 14a-12 |                                                                              |

**Horizon Technology Finance Corporation**

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

**(Name of Person(s) Filing Proxy Statement if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

**b No fee required.**

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

- (1) Title of each class of securities to which transaction applies:
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o Fee paid previously with preliminary materials

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

- (1) Amount previously paid:
- (2) Form, schedule or registration statement no.:
- (3) Filing party:
- (4) Date filed:

## **EXPLANATORY NOTE**

This Amendment No. 1 to Schedule 14A (“Amendment No. 1”) is being filed to amend Horizon Technology Finance Corporation’s definitive proxy statement for its 2014 Annual Meeting of Stockholders (“Proxy Statement”), which was filed with the Securities and Exchange Commission on April 23, 2014, in order to update certain disclosures contained in the Proxy Statement. The Proxy Statement is hereby amended and restated in its entirety by this Amendment No. 1.

### **Horizon Technology Finance Corporation**

**312 Farmington Avenue**

**Farmington, CT 06032**

April 28, 2014

Dear Stockholder:

You are cordially invited to attend the 2014 Annual Meeting of Stockholders of Horizon Technology Finance Corporation (the “Company”) to be held on June 13, 2014 at 9:30 AM, Eastern Time, at the offices of Horizon Technology Finance Corporation, located at 312 Farmington Avenue, Farmington, Connecticut 06032.

The Notice of Annual Meeting of Stockholders and the Proxy Statement of the Board of Directors of the Company accompanying this letter provide an outline of the business to be conducted at our Annual Meeting of Stockholders. At the meeting, you will be asked to: (1) elect two directors of the Company and (2) ratify the selection of McGladrey LLP as the Company’s independent registered public accounting firm for the year ending December 31, 2014.

It is very important that your shares be represented at the Annual Meeting. Whether or not you expect to be present in person at the Annual Meeting, please sign the enclosed proxy card and return it promptly in the envelope provided or vote via the Internet. We encourage you to vote via the Internet, as it saves us significant time and processing costs. To vote via the Internet, access [www.proxyvote.com](http://www.proxyvote.com) and follow the on-screen instructions. Have your proxy card available when you access the web page. Your vote and participation in the governance of the Company is very important to us.

Sincerely yours,

Robert D. Pomeroy, Jr.  
Chief Executive Officer and  
Chairman of the Board of Directors

**HORIZON TECHNOLOGY FINANCE CORPORATION**  
**312 Farmington Avenue**  
**Farmington, Connecticut 06032**  
**(860) 676-8654**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON JUNE 13, 2014**

Notice is hereby given to the owners of shares of common stock (the “Stockholders”) of Horizon Technology Finance Corporation (the “Company”) that:

The 2014 Annual Meeting of Stockholders of the Company (the “Annual Meeting”) will be held at the offices of Horizon Technology Finance Corporation, located at 312 Farmington Avenue, Farmington, Connecticut 06032, on June 13, 2014 at 9:30 AM, Eastern Time, for the following purposes:

1. To elect two Class I directors of the Company who will each serve for a term of three years or until his or her successor is duly elected and qualified;
2. To ratify the selection of McGladrey LLP to serve as the Company’s independent registered public accounting firm for the year ending December 31, 2014; and
3. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

You have the right to receive notice of, and to vote at, the Annual Meeting if you were a stockholder of record at the close of business on April 16, 2014. Whether or not you expect to be present in person at the Annual Meeting, please sign the enclosed proxy and return it promptly in the envelope provided, or vote via the Internet. Instructions are shown on the proxy card.

We have enclosed the Company’s Annual Report on Form 10-K for the year ended December 31, 2013, our Proxy Statement and a proxy card. Please sign the enclosed proxy card and return it promptly in the envelope provided, or

vote via the Internet. Your vote is extremely important to us. In the event there are not sufficient votes for a quorum or to approve the proposals at the time of the Annual Meeting, the Annual Meeting may be adjourned in order to permit further solicitation of proxies by the Company.

**THE BOARD OF DIRECTORS, INCLUDING A MAJORITY OF THE INDEPENDENT DIRECTORS, RECOMMENDS THAT YOU VOTE “FOR” EACH OF THE PROPOSALS.**

By Order of the Board of Directors,

John C. Bombara  
Secretary

Farmington, Connecticut

April 28, 2014

**This is an important meeting. To ensure proper representation at the Meeting, please complete, sign, date and return the proxy card in the enclosed, self-addressed envelope, or vote your shares electronically via the Internet. Please see the Proxy Statement and the enclosed proxy card for details about electronic voting. Even if you vote your shares prior to the Meeting, you still may attend the Meeting and vote your shares in person if you wish to change your vote.**

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**HORIZON TECHNOLOGY FINANCE CORPORATION**

**312 Farmington Avenue  
Farmington, Connecticut 06032  
(860) 676-8654**

**PROXY STATEMENT**

**For**

**2014 Annual Meeting of Stockholders**

**To Be Held on June 13, 2014**

This document will give you the information you need to vote on the matters listed on the accompanying Notice of Annual Meeting of Stockholders (“Notice of Annual Meeting”). Much of the information in this Proxy Statement is required under rules of the Securities and Exchange Commission (“SEC”), and some of it is technical in nature. If there is anything you do not understand, please contact us at 860-676-8654.

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the “Board,” “we,” “us” or “our”) of Horizon Technology Finance Corporation (the “Company”) for use at our 2014 Annual Meeting of Stockholders (the “Meeting”) to be held on June 13, 2014 at 9:30 AM, Eastern Time, at the offices of Horizon Technology Finance Corporation, 312 Farmington Avenue, Farmington, Connecticut 06032, and at any postponements or adjournments thereof. This Proxy Statement, along with the Notice of Meeting and proxy card, and the Company’s Annual Report on Form 10-K (the “Annual Report”) for the year ended December 31, 2013 are being mailed to stockholders of the Company (the “Stockholders”) of record as of April 16, 2014 on or about April 28, 2014.

We encourage you to vote your shares, either by voting in person at the Meeting or by voting by proxy (i.e., authorizing someone to vote your shares). Shares represented by duly executed proxies will be voted in accordance with your instructions. If you execute a proxy without specifying your voting instructions, your shares will be voted in accordance with the Board’s recommendation. If any other business is brought before the Meeting, your shares will be voted at the Board’s discretion unless you specifically state otherwise on your proxy.

You may revoke your vote on the Internet or on a proxy card at any time before it is exercised by resubmitting your vote on the Internet, notifying the Company’s Secretary in writing by submitting a properly executed, later-dated proxy, or by voting in person at the Meeting. Any Stockholder entitled to vote at the Meeting may attend the Meeting and vote in person, whether or not he or she has previously voted his or her shares via proxy or wishes to change a previous vote.

You will be eligible to vote your shares electronically via the Internet or by mail.

**Purpose of Meeting**

As described in more detail in this Proxy Statement, the Meeting is being held for the following purposes:

1. To elect two Class I directors of the Board who will each serve for a term of three years or until his or her successor is duly elected and qualified ("Proposal 1");
2. To vote on a proposal to ratify the selection of McGladrey LLP to serve as the Company's independent registered public accounting firm for the year ending December 31, 2014 ("Proposal 2"); and
3. To transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

## **Voting Securities**

You may vote your shares at the Meeting only if you were a Stockholder of record at the close of business on April 16, 2014 (the “Record Date”). There were 9,619,334 shares of the Company’s common stock (the “Common Stock”) outstanding on the Record Date. Each share of the Common Stock is entitled to one vote.

## **Quorum Required**

A quorum must be present at the Meeting for any business to be conducted. The presence at the Meeting, in person or by proxy, of the holders of more than one-half of the voting power of all outstanding shares of stock of the Company outstanding on the Record Date will constitute a quorum. Shares held by a broker or other nominee for which the nominee has not received voting instructions from the record holder, and does not have discretionary authority to vote the shares on non-routine proposals (which are considered “broker non-votes” with respect to such proposals), will be treated as shares present for quorum purposes. If there are not enough votes for a quorum, either the presiding officer of the Meeting or the holders of a majority of the voting power present at the Meeting, in person or by proxy, may adjourn the Meeting to permit the further solicitation of proxies.

## **Votes Required**

### **Election of Director**

The election of a director requires a plurality of the votes cast at the Meeting. Stockholders may not cumulate their votes. If you vote “Withhold Authority” with respect to a nominee, your shares will not be voted with respect to the person indicated. Because a director is elected by a plurality of the votes cast at the Meeting, votes to withhold authority, or no votes, will have the effect of a vote against the nominee. Abstentions will not be included in determining the number of votes cast and, as a result, will have no effect on this proposal.

### **Ratification of Independent Registered Public Accounting Firm**

The affirmative vote of a majority of the votes cast at the Meeting in person or by proxy is required to ratify the appointment of McGladrey LLP to serve as the Company’s independent registered public accounting firm. Abstentions will not be included in determining the number of votes cast and, as a result, will have no effect on this proposal.

### **Broker Non-votes**

Broker non-votes are described as votes cast by a broker or other nominee on behalf of a beneficial holder who does not provide explicit voting instructions to such broker or nominee and who does not attend the Meeting. Proposal 1 is a non-routine matter. As a result, if you hold shares in “street name” through a broker, bank or other nominee, your broker, bank or nominee will not be permitted to exercise voting discretion with respect to Proposal 1. Thus, if you do not give your broker or nominee specific instructions on how to vote for you or do not vote for yourself in accordance with the voting instructions on the proxy card, either by returning a proxy card or by other arrangement with your broker or nominee, your shares will have the effect of a vote against Proposal 1.

Proposal 2 is a routine matter. As a result, if you beneficially own your shares and you do not provide your broker or nominee with proxy instructions, either by voting in accordance with the voting instructions on the proxy card, by returning a proxy card or by other arrangement with your broker or nominee, your broker or nominee will be able to vote your shares for you on this routine matter.

### **Adjournment and Additional Solicitation**

If there appear not to be enough votes to approve the proposals at the Meeting, either the presiding officer of the Meeting or the Stockholders present at the Meeting, in person or by proxy, may adjourn the Meeting to permit the further solicitation of proxies. Any such adjournment by the Stockholders will require the affirmative vote of a majority of the votes entitled to be cast by the Stockholders entitled to vote at the Meeting, present in person or by proxy. Robert D. Pomeroy, Jr. and Christopher M. Mathieu are the persons named as proxies and will vote proxies held by them for such adjournment, unless marked to be voted against any proposal for which an adjournment is sought, to permit the further solicitation of proxies.

A Stockholder vote may be taken on any of the proposals in this Proxy Statement prior to any such adjournment if there are sufficient votes for approval of such proposal.

### **Information Regarding This Solicitation**

The Company will bear the expense of the solicitation of proxies for the Meeting, including the cost of preparing and posting this Proxy Statement and the Annual Report to the Internet and the cost of mailing this Proxy Statement, Notice of Annual Meeting, proxy card and Annual Report. The Company intends to use the services of Broadridge Financial Solutions, Inc., a leading provider of investor communications solutions, to aid in the distribution and collection of proxy votes. The Company expects to pay market rates for such services. The Company reimburses brokers, trustees, fiduciaries and other institutions for their reasonable expenses in forwarding proxy materials to the beneficial owners and soliciting them to execute proxies.

In addition to the solicitation of proxies via the Internet, proxies may be solicited in person and/or by telephone, mail or facsimile transmission by directors or officers of the Company, officers or employees of the Company's investment advisor and administrator, Horizon Technology Finance Management LLC (herein, "HTFM," the "Advisor" or the "Administrator") and/or by a retained solicitor. No additional compensation will be paid to directors, officers or regular employees for such services. If the Company retains a solicitor, the Company has estimated that it will pay approximately \$30,000 for such services. If the Company engages a solicitor, you could be contacted by telephone on behalf of the Company and urged to vote. The solicitor will not attempt to influence how you vote your shares, but only ask that you take the time to cast a vote. You may also be asked if you would like to vote over the telephone and to have your vote transmitted to our proxy tabulation firm.

Stockholders may provide their voting instructions through the Internet or by mail by following the instructions on the proxy card. These options require Stockholders to input the Control Number, which is provided with the proxy card. If you vote using the Internet, after visiting [www.proxyvote.com](http://www.proxyvote.com) and inputting your Control Number, you will be prompted to provide your voting instructions. Stockholders will have an opportunity to review their voting instructions and make any necessary changes before submitting their voting instructions and terminating their Internet link. Stockholders who vote via the Internet, in addition to confirming their voting instructions prior to submission, also will receive an e-mail confirming their instructions upon request.

If a Stockholder wishes to participate in the Meeting, but does not wish to give a proxy by Internet or mail, the Stockholder may attend the Meeting in person.

Any proxy authorized pursuant to this solicitation may be revoked by notice from the person giving the proxy at any time before it is exercised. A revocation may be effected by resubmitting voting instructions via the Internet voting

site, by obtaining and properly completing another proxy card that is dated later than the original proxy and returning it by mail in time to be received before the Meeting, by attending the Meeting or by a notice provided in writing and signed by the Stockholder, delivered to the Company's Secretary on any business day before the date of the Meeting.

### **Security Ownership of Certain Beneficial Owners and Management**

As of the Record Date, to our knowledge, there are no persons who would be deemed to "control" the Company, as such term is defined in the Investment Company Act of 1940, as amended (the "1940 Act").

Our directors consist of interested directors and independent directors. Interested directors are "interested persons" of the Company, as defined in the 1940 Act, and independent directors are all other directors (the "Independent Directors").

The following table sets forth, as of April 16, 2014, certain ownership information with respect to our Common Stock for those persons who directly or indirectly own, control or hold with the power to vote five percent or more of the Company's outstanding Common Stock and all executive officers and directors, including director nominees, as a group.

| Name and Address                                                               | Type of Ownership | Shares Owned | Percentage of Common Stock Outstanding |   |
|--------------------------------------------------------------------------------|-------------------|--------------|----------------------------------------|---|
| <b>Principal Stockholders</b>                                                  |                   |              |                                        |   |
| Compass Horizon Partners, LP(1)                                                | Record/Beneficial | 1,271,414    | 13.3                                   | % |
| <b>Independent Directors</b>                                                   |                   |              |                                        |   |
| James J. Bottiglieri(2)                                                        | Record/Beneficial | 5,812        | *                                      |   |
| Edmund V. Mahoney(2)                                                           | Record/Beneficial | 2,000        | *                                      |   |
| Christopher B. Woodward(2)                                                     | Record/Beneficial | 5,594        | *                                      |   |
| Elaine A. Sarsynski(2)                                                         | N/A               | —            | *                                      |   |
| <b>Interested directors</b>                                                    |                   |              |                                        |   |
| Robert D. Pomeroy, Jr.(2)                                                      | Record/Beneficial | 30,435       | *                                      |   |
| Gerald A. Michaud(2)                                                           | Record/Beneficial | 33,838       | *                                      |   |
| <b>Executive officers</b>                                                      |                   |              |                                        |   |
| Christopher M. Mathieu(2)                                                      | Record/Beneficial | 12,659       | *                                      |   |
| John C. Bombara(2)                                                             | Record/Beneficial | 4,896        | *                                      |   |
| Daniel S. Devorsetz(2)                                                         | Record/Beneficial | 3,364        | *                                      |   |
| All directors, director nominees and executive officers as a group (9 persons) | Record/Beneficial | 98,598       | *                                      | % |

(1) Concorde Horizon Holdings LP is the limited partner of Compass Horizon Partners, LP and Navco Management, Ltd. is the general partner. Concorde Horizon Holdings LP and Navco Management, Ltd. are controlled by The Kattegat Trust, a Bermudian charitable trust, the trustee of which is Kattegat Private Trustees (Bermuda) Limited, a Bermudian trust company with its principal offices at 2 Reid Street, Hamilton HM 11, Bermuda.

(2) The address for each executive officer, director and director nominee is c/o Horizon Technology Finance Management LLC, 312 Farmington Avenue, Farmington, Connecticut 06032.

\*

Less than 1 percent.

## Section 16(a) Beneficial Ownership Reporting Compliance

Pursuant to Section 16(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Company’s directors and executive officers and any persons holding more than 10% of the Company’s Common Stock are required to report their beneficial ownership and any changes in their beneficial ownership to the SEC and the Company. Specific due dates for those reports have been established, and the Company is required to report in this statement any failure to file such reports by those due dates. Based on the Company’s review of Forms 3, 4 and 5 filed by such persons and information provided by the Company’s directors and executive officers, the Company believes that, during the year ended December 31, 2013, all Section 16(a) filing requirements applicable to such persons were met in a timely manner.

#### **Dollar Range of Securities Beneficially Owned by Directors**

The following table sets forth the dollar range of the Company’s Common Stock beneficially owned by each of the Company’s directors as of April 16, 2014. Information as to the beneficial ownership of the Company’s directors is based on information furnished to the Company by such persons. The Company is not part of a “family of investment companies,” as that term is defined in the 1940 Act.

**Dollar Range of Common  
Directors of the Company Stock of the Company <sup>(1)</sup>**

**Independent Directors**

James J. Bottiglieri \$50,001-\$100,000

Edmund V. Mahoney \$10,001-\$50,000

Christopher B. Woodward \$50,001-\$100,000

Elaine A. Sarsynski None

**Interested Directors**

Robert D. Pomeroy, Jr. \$100,001-\$500,000

Gerald A. Michaud \$100,001-\$500,000

(1) Dollar ranges are as follows: None; \$1-\$10,000; \$10,001-\$50,000; \$50,001-\$100,000; \$100,001-\$500,000; \$500,001-\$1,000,000 or over \$1,000,000.

**PROPOSAL 1: ELECTION OF DIRECTORS**

In accordance with the Company's certificate of incorporation and bylaws, the Board currently has six members. Directors are divided into three classes with each class serving a staggered three year term. At each annual meeting of our Stockholders, the successors to the class of directors whose terms expire at such meeting will be elected to hold office for a term expiring at the annual meeting of Stockholders held in the third year following their year of election. After this election, the terms of Class I, II and III directors will expire at the annual meeting of Stockholders to be held in 2017, 2015 and 2016, respectively. Each director will hold office for the term to which he or she is elected or until his or her successor is duly elected and qualified. Mr. James J. Bottiglieri and Mr. Gerald A. Michaud are Class I directors and are up for re-election at the Meeting. Mr. Edmund V. Mahoney and Ms. Elaine A. Sarsynski are Class II directors, whose terms will expire at the 2015 annual meeting of Stockholders. Mr. Robert D. Pomeroy, Jr. and Mr. Christopher B. Woodward are Class III directors, whose terms will expire at the 2016 annual meeting of Stockholders.

A Stockholder can vote for, or withhold his or her vote from, any nominee. In the absence of instructions to the contrary, it is the intention of the persons named as proxies to vote such proxy FOR the election of each nominee named below. If a nominee should decline or be unable to serve as a director, it is intended that the proxy will be voted for the election of such person as is nominated by the Board as a replacement. The Board has no reason to believe that any of the nominees will be unable or unwilling to serve.

**THE BOARD OF DIRECTORS, INCLUDING A MAJORITY OF ITS INDEPENDENT DIRECTORS, RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF THE NOMINEES NAMED IN THIS PROXY STATEMENT.**

### **Information About the Nominees and Directors**

Certain information with respect to the Class I nominees for election at the Meeting, as well as each of the other directors, is set forth below, including their names, ages, a brief description of their recent business experience, including present occupations and employment, certain directorships that each person holds with public companies and the year in which each person became a director of the Company. Mr. James J. Bottiglieri and Mr. Gerald A. Michaud, nominees for Class I directors, currently serve as directors of the Company.

On February 4, 2013, Mr. David P. Swanson, an interested director, resigned as a Class I director. Mr. Swanson's resignation was not in connection with any known disagreement with the Company on any matter. In response to Mr. Swanson's resignation, the Nominating and Corporate Governance Committee of the Company undertook an assessment of the composition and size of the Board, as well as the qualifications, attributes and skills of the current members of the Board. Upon completion of the assessment, the Nominating and Corporate Governance Committee recommended to the Board that Mr. Gerald A. Michaud, a Class II director be appointed to complete the term of Mr. David P. Swanson and the size of the Board be reduced to six members by eliminating one of the Class II Board seats. At a meeting of the Board held on March 6, 2014, Mr. Gerald A. Michaud was appointed by the Board as a Class I director and the Board reduced the size of the Board to six members by eliminating one of the Class II Board seats. The Board now consists of three classes of directors, Class I, Class II and Class III, with each class consisting of two members.

Each of Mr. James J. Bottiglieri and Mr. Gerald A. Michaud has been nominated for re-election as a Class I director for a three-year term expiring in 2017. Mr. James J. Bottiglieri and Mr. Gerald A. Michaud are not being proposed for election pursuant to any agreement or understanding by or among any of Mr. James J. Bottiglieri and Mr. Gerald A. Michaud and the Company.

#### Nominees for Class I Directors

| Name, Address and Age <sup>(1)</sup> | Position(s)<br>Held with<br>Company | Term of<br>Office and<br>Length of<br>Time Served            | Principal<br>Occupation(s)<br>During the Past 5 Years                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Other<br>Public Company<br>Directorships Held<br>by Director or<br>Nominee for<br>Director During the<br>Past 5 Years <sup>(2)</sup> |
|--------------------------------------|-------------------------------------|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| James J. Bottiglieri (57)            | Director                            | Class I Director<br>since July 2010;<br>Term Expires<br>2014 | Director of Compass Group<br>Diversified Holdings LLC<br>("CODI") since December 2005.<br>Chief financial officer of CODI<br>from 2005 through 2013. CODI<br>owns and manages a diverse<br>family of established North<br>American middle market<br>businesses. Mr. Bottiglieri also<br>served as an executive vice<br>president of CODI's external<br>manager from 2005 through 2013.<br>Mr. Bottiglieri serves as a director<br>for American Furniture<br>Manufacturing Inc., a subsidiary<br>of CODI. | Member of board of<br>directors of CODI<br>since May 2006.                                                                           |

**Interested Director**

|                                       |                        |                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------------------------|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Gerald A. Michaud (60) <sup>(3)</sup> | Director,<br>President | <p>Class II<br/>         Director from<br/>         March 2010 through March 6, 2014; Class I<br/>         Director since March 6, 2014;<br/>         Term Expires 2014</p> <p>President and a Director of the<br/>         Company since March 2010 and<br/>         Managing Member and President<br/>         of the Company's Advisor since<br/>         May 2003.</p> <p>None.</p> |
|---------------------------------------|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**Class II Directors** *(continuing directors not up for re-election at the Meeting)*

| <b>Name, Address and Age <sup>(1)</sup></b> | <b>Position(s)<br/>Held with<br/>Company</b> | <b>Term of<br/>Office and<br/>Length of<br/>Time Served</b> | <b>Principal<br/>Occupation(s)<br/>During the Past 5 Years</b> | <b>Other<br/>Public Company<br/>Directorships Held<br/>by Director or<br/>Nominee for<br/>Director During<br/>the Past 5 Years <sup>(2)</sup></b> |
|---------------------------------------------|----------------------------------------------|-------------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
|---------------------------------------------|----------------------------------------------|-------------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|

**Independent Directors**

|                          |          |                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                        |       |
|--------------------------|----------|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| Edmund V. Mahoney (63)   | Director | Class II<br>Director since<br>July 2010;<br>Term Expires<br>2015 | Senior Vice President, Investments<br>(Chief Investment Officer) of<br>Vantis Life Insurance Company<br>since September 2009. Senior Vice<br>President, Compliance of Hartford<br>Investment Management Company,<br>an investment advisor registered<br>with the SEC, from 1994 through<br>2009.                                                                                                       | None. |
| Elaine A. Sarsynski (58) | Director | Class II<br>Director since<br>June 2012;<br>Term Expires<br>2015 | Executive Vice President of<br>MassMutual Life Insurance<br>Company's Retirement Services<br>Division since January 2008 and<br>Chairman of MassMutual<br>International LLC since September<br>2008. CEO of MassMutual<br>International LLC from 2006<br>through 2013. Senior Vice<br>President and Chief Administrative<br>Officer of MassMutual Life<br>Insurance Company from 2005<br>through 2007. | None. |

**Class III Directors** *(continuing directors not up for re-election at the Meeting)*

| <b>Name, Address and Age <sup>(1)</sup></b> | <b>Position(s)<br/>Held with<br/>Company</b> | <b>Term of<br/>Office and<br/>Length of<br/>Time Served</b> | <b>Principal<br/>Occupation(s)<br/>During the Past 5 Years</b> | <b>Other<br/>Public Company<br/>Directorships Held<br/>by Director or<br/>Nominee for<br/>Director During the</b> |
|---------------------------------------------|----------------------------------------------|-------------------------------------------------------------|----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
|---------------------------------------------|----------------------------------------------|-------------------------------------------------------------|----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|

Past 5 Years <sup>(2)</sup>**Interested Director**

|                                               |                                                |                                                        |                                                                                                                                                                                                        |       |
|-----------------------------------------------|------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| Robert D. Pomeroy, Jr.<br>(63) <sup>(3)</sup> | Chairman of the Board, Chief Executive Officer | Class III Director since March 2010; Term Expires 2016 | Chief Executive Officer of the Company since March 2010 and Chairman of the Board of the Company since July 2010. Managing Member and Chief Executive Officer of the Company's Advisor since May 2003. | None. |
|-----------------------------------------------|------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|

**Independent Director**

|                                 |                           |                                                       |                                                                                                                                                                                                                                                                             |                                                                                          |
|---------------------------------|---------------------------|-------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| Christopher B. Woodward<br>(65) | Lead Independent Director | Class III Director since July 2010; Term Expires 2016 | Private investor and corporate finance business advisor. During the period from 2000 through May 2009, Mr. Woodward held several domestic and global management positions with Canterbury of New Zealand, a global sports apparel company, including serving as a director. | Trustee and Chair of Audit Committee of Starwood Waypoint Residential Trust (NYSE:SWAY). |
|---------------------------------|---------------------------|-------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|

- (1) The business address of the nominees and other directors is c/o Horizon Technology Finance Management LLC, 312 Farmington Avenue, Farmington, CT 06032.
- (2) No director otherwise serves as a director of an investment company subject to or registered under the 1940 Act.
- (3) Mr. Pomeroy and Mr. Michaud are interested directors due to their positions as officers of the Company and of Horizon Technology Finance Management LLC, the Company's Advisor.

## **Corporate Governance**

We believe that maintaining the highest standards of corporate governance is a crucial part of our business, and the Company is committed to having in place the necessary controls and procedures designed to ensure compliance with applicable laws, rules and regulations, as well as our own ethical standards of conduct.

## **Director Independence**

NASDAQ corporate governance rules require listed companies to have a board of directors with at least a majority of independent directors. Under NASDAQ corporate governance rules, in order for a director to be deemed independent, the Board must determine that the individual does not have a relationship that would interfere with the director's exercise of independent judgment in carrying out his or her responsibilities. On an annual basis, each member of the Board is required to complete an independence questionnaire designed to provide information to assist the Board in determining whether the director is independent under NASDAQ corporate governance rules, the 1940 Act and our corporate governance guidelines. An independence questionnaire was completed by each member of the Board, and the Board has relied on such questionnaires in making the determination of independence for each member. Mr. Bottiglieri, Mr. Mahoney, Ms. Sarsynski and Mr. Woodward each completed an annual questionnaire in connection with their service on the Board and the Board has determined that each is independent under the listing standards of the NASDAQ Global Select Market and the 1940 Act. Our governance guidelines require any director who has previously been determined to be independent to inform the Chairman of the Board, the Chairman of the Nominating and Corporate Governance Committee and the Company's Secretary of any change in circumstance that may cause his or her status as an Independent Director to change. The Board limits membership on the Audit Committee and the Nominating and Corporate Governance Committee to Independent Directors.

## **Board of Directors' Oversight Role in Management**

The Board performs its risk oversight function primarily through (1) its three standing committees, which report to the entire Board and are comprised solely of Independent Directors, and (2) monitoring by the Company's Chief Compliance Officer in accordance with its compliance policies and procedures.

As described below in more detail under "Audit Committee," "Nominating and Corporate Governance Committee" and "Compensation Committee," the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee assist the Board in fulfilling its risk oversight responsibilities. The Audit Committee's risk oversight responsibilities include overseeing the Company's accounting and financial reporting processes, including the annual audit of the Company's financial statements and the Company's systems of internal controls regarding finance and accounting; pre-approving the independent accountants' engagement to render audit and/or permissible non-audit services; and evaluating the qualifications, performance and independence of the independent accountants. The Nominating and Corporate Governance Committee's risk oversight responsibilities include selecting, researching and nominating directors for election by the Company's Stockholders, overseeing the evaluation of the Board and the Company's management and monitoring compliance with and recommending, as deemed appropriate, amendments to

the Company's Code of Conduct. The Compensation Committee's oversight responsibilities include determining, or recommending to the Board, the compensation, if any, of the Company's Chief Executive Officer and all other executive officers of the Company.

The Board also performs its risk oversight responsibilities with the assistance of the Chief Compliance Officer. The Company's Chief Compliance Officer is required to prepare a written report annually discussing the adequacy and effectiveness of the compliance policies and procedures of the Company and certain of its service providers. The Chief Compliance Officer's report, which is reviewed by the Board, addresses at a minimum (1) the operation of the compliance policies and procedures of the Company and certain of its service providers since the last report; (2) any material changes to such policies and procedures since the last report; (3) any recommendations for material changes to such policies and procedures as a result of the Chief Compliance Officer's annual review; and (4) any compliance matter that has occurred since the date of the last report about which the Board would reasonably need to know to oversee the Company's compliance activities and risks. In addition, the Chief Compliance Officer meets separately in executive session with the Independent Directors at least once each year.

The Board believes that its role in risk oversight is effective and appropriate given the extensive regulation to which the Company is already subject as a business development company. Specifically, as a business development company, the Company must comply with certain regulatory requirements that control the levels of risk in its business and operations. For example, the Company's ability to incur indebtedness is limited such that its asset coverage must equal at least 200% immediately after each time it incurs indebtedness and the Company generally must invest at least 70% of its total assets in "qualifying assets." In addition, the Company elected to be treated as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code. As a RIC, the Company must, among other things, meet certain income source and asset diversification requirements.

The Board believes that the extent of its and its committees' roles in risk oversight complements the Board's leadership structure. Because they are comprised solely of Independent Directors, the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee are able to exercise their oversight responsibilities without any conflict of interest that might discourage critical questioning and review. Through regular executive session meetings with the Company's independent auditors, Chief Compliance Officer and Chief Executive Officer or Chief Financial Officer, the Independent Directors have similarly established direct communication and oversight channels that the Board believes foster open communication and early detection of issues of concern.

The Board believes that its role in risk oversight must be evaluated on a case by case basis and that the current configuration and allocation of responsibilities among the Board and its committees with respect to the oversight of risk is appropriate. However, the Board and its committees continually re-examine the manner in which they administer their respective risk oversight functions, including through formal annual assessments of performance, to ensure that they meet the needs of the Company's Stockholders.

### **Board of Directors Composition and Leadership Structure**

The 1940 Act requires that at least a majority of the Company's directors not be "interested persons" (as defined in the 1940 Act) of the Company. Currently, four of the Company's six directors are Independent Directors; however, the Chairman of the Board is an interested person of the Company. While the Board has no fixed policy regarding the separation of the positions of Chief Executive Officer and Chairman of the Board, the Independent Directors believe that the combined position of Chief Executive Officer of the Company and Chairman of the Board of the Company results in greater efficiencies in managing the Company, including in risk oversight, by eliminating the need to transfer substantial information quickly and repeatedly between the Chief Executive Officer and the Chairman and allowing the Company to capitalize on the specialized knowledge acquired from the duties of the roles.

Our Chief Executive Officer, Robert D. Pomeroy, Jr., is Chairman of our Board and an "interested person" under Section 2(a)(19) of the 1940 Act. Christopher B. Woodward is our lead Independent Director. Under the Company's bylaws, the Board is not required to have an independent chairman. Many significant corporate governance duties of

the Board are executed by committees of Independent Directors, each of which has an independent chairman. We believe that it is in the best interests of the Company's Stockholders for Mr. Pomeroy to lead the Board because of his broad experience. As a co-founder of the Advisor, Mr. Pomeroy has demonstrated a track record of achievement on strategic and operating aspects of our business. While the Board regularly evaluates alternative structures, we believe that, as a business development company, it is appropriate for one of the Company's co-founders, Chief Executive Officer and a member of the Advisor's investment committee to perform the functions of chairman of the board, including leading discussions of strategic issues we expect the Company to face. We believe the current structure of the Board provides appropriate guidance and oversight while also enabling ample opportunity for direct communication and interaction between management and the Board.

### **Information About Each Director's Experience, Qualifications, Attributes or Skills**

Below is additional information about each director (supplementing the information provided in the table above) that describes some of the specific experiences, qualifications, attributes and/or skills that each director possesses, and which the Board believes has prepared each director to be an effective Board member. The Board believes that the significance of each director's experience, qualifications, attributes and/or skills is an individual matter (meaning that experience that is important for one director may not have the same value for another) and that these factors are best evaluated at the Board level, with no single director, or particular factor, being indicative of Board effectiveness. However, the Board believes that directors need to have the ability to review, evaluate, question and discuss critical information provided to them, and to interact effectively with Company management, service providers and counsel, in order to exercise effective business judgment in the performance of their duties. The Board believes that its members satisfy this standard. Experience relevant to having this ability may be achieved through a director's educational background, business, professional training or practice (e.g., finance, accounting or law), public service or academic positions, experience from service as a board member (including the Board) or as an executive of investment funds, public companies or significant private or not-for-profit entities or other organizations and/or other life experiences. The Board and its committees have the ability to engage other experts as appropriate. The Board evaluates its performance on an annual basis.

### **Experience, Qualifications, Attributes and/or Skills that Led to the Board's Conclusion**

#### **that such Persons Should Serve as Directors of the Company**

The Board believes that each director brings a strong and unique background and set of skills to the Board, giving the Board, as a whole, competence and experience in a wide variety of areas, including corporate governance and board service, executive management, finance, private equity, workout and turnaround situations, manufacturing and marketing. Below is a description of the various experiences, qualifications, attributes and/or skills with respect to each director considered by the Board.

#### ***Interested Directors***

#### **Robert D. Pomeroy, Jr.**

Mr. Pomeroy has been a Managing Member and the Chief Executive Officer of the Advisor since its formation. He has more than 35 years of experience in diversified lending and leasing, including positions in sales, marketing and senior management. He has held the positions as chief executive officer or general manager of each organization that he has led since 1996. His responsibilities have included: accountability for the overall profit and loss of the

organization, credit authority and credit committee oversight, strategic planning, human resource oversight, including hiring, termination and compensation, reporting compliance for his business unit, investor relations, fund raising and all aspects of corporate governance. Mr. Pomeroy founded and has operated the Advisor, a technology lending management company. Prior to founding the Advisor, Mr. Pomeroy was the Senior Vice President of Financing for Science International, Inc., Executive Vice President of Transamerica Business Credit and the General Manager of its Technology Finance Division and President of GATX Ventures, Inc. This experience has provided him with extensive judgment, experience, skills and knowledge to make a significant contribution as Chairman of the Board and supporting the Board's ability to govern the Company's affairs and business.

#### **Gerald A. Michaud**

Mr. Michaud has been a Managing Member and the President of the Advisor since its formation. He has extensive knowledge and expertise in venture lending and has developed, implemented and executed on marketing strategies and products targeted at the venture-backed technology and life science markets for a period of over 20 years. In addition, he has extensive knowledge in the formation of compensation plans for key employees involved in the marketing of venture loans. He is a member of the Advisor's Credit Committee responsible for approving all investments made by the Company and oversight of our portfolio. He has held senior management positions with several technology lending organizations within public companies, including Transamerica Business Credit and GATX Ventures, Inc. As senior vice president and senior business development officer at Transamerica, Mr. Michaud was responsible for more than \$700 million in loan transactions. This experience, particularly with respect to marketing and business development, has provided Mr. Michaud with the judgment, knowledge, experience, skills and expertise that enhance the Board's ability to manage and direct the Company's affairs.

***Independent Directors***

**James J. Bottiglieri**

Mr. Bottiglieri brings to the Board substantial experience in identifying, managing and resolving accounting, tax and other financial issues often encountered by public companies through his former position as the chief financial officer of CODI and through his service as a director of CODI, as well as a director for several of CODI's subsidiary companies, and as the senior vice president/controller of WebMD. In addition, as the former chief financial officer of CODI, a public company, and as a current director of CODI, Mr. Bottiglieri has developed an extensive understanding of the various periodic reporting requirements and corporate governance compliance matters that assist the Board in managing and directing the Company's affairs. This experience, particularly with respect to the areas of accounting and corporate governance, provides the Board with expertise that assists the Board in its ability to manage and direct the Company's affairs.

**Edmund V. Mahoney**

Mr. Mahoney brings to the Board pertinent experience in portfolio management, as well as in-depth knowledge of investment advisor compliance, funds management and performance measurement and pricing of investments. In addition, through his past experiences he has unique knowledge of international finance, as well as risk management strategies for foreign exchange and property and casualty operations. This vast experience, particularly in the areas of business, risk management and compliance matters that affect investment companies, enhances the Board's ability to manage and direct the Company's affairs.

**Christopher B. Woodward**

Mr. Woodward brings to the Board a deep understanding of corporate finance, including experience with private placements, public offerings, venture capital investing, international management and financial advising and restructuring. Additionally, as a practicing CPA with a leading firm, Mr. Woodward gained extensive accounting and audit experience. Mr. Woodward has the financial and accounting expertise necessary to enhance the Board's oversight of the Company and its ability to manage and direct the Company's affairs.

**Elaine A. Sarsynski**

Ms. Sarsynski is a senior executive with Massachusetts Mutual Life Insurance Company (“MassMutual”) and brings to the Board a strong background in managing large organizations, corporate finance, human resources and corporate communications. In addition to her experience at MassMutual, Ms. Sarsynski held senior management roles at Aetna overseeing segments of its investment division and leading its corporate finance department. Her corporate finance activities included rating agency management, banking relationships, capital allocation and currency hedging. Ms. Sarsynski’s extensive experience enhances the Board’s ability to manage and direct the Company’s business.

#### **Board of Directors Meetings and Committees**

The Board has established an Audit Committee, a Nominating and Corporate Governance Committee and a Compensation Committee. For the year ended December 31, 2013, the Board held six meetings, the Audit Committee held four meetings and the Nominating and Corporate Governance Committee held two meetings. As the Compensation Committee was created on March 6, 2014, the Compensation Committee did not meet during the year ended December 31, 2013. All directors attended at least 75% of the aggregate number of meetings of the Board and of the respective committees on which they served. The Company requires each director to make a diligent effort to attend all Board and Committee meetings and encourages directors to attend the annual meeting of Stockholders. Five of the members of the Board attended the annual meeting of the Stockholders held in June 2013.

