

APOLLO INVESTMENT CORP
Form DEF 14A
June 16, 2016

SCHEDULE 14A

(RULE 14a-101)

Information Required in Proxy Statement

Schedule 14A Information

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

Apollo Investment Corporation

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

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

(1) Amount previously paid:

(2) Form, schedule or registration statement no.:

(3) Filing party:

(4) Date filed:

9 West 57th Street
New York, New York 10019

June 16, 2016

Dear Stockholder:

You are cordially invited to attend a Special Meeting of Stockholders of Apollo Investment Corporation, a Maryland corporation (the Company), to be held on August 4, 2016 at 10:00 a.m., Eastern Daylight Time, at **The Peninsula New York, 700 Fifth Avenue, New York, New York 10019**.

The notice of Special Meeting and Proxy Statement accompanying this letter provide an outline of the business to be conducted at the meeting. At the meeting, you will be asked to consider and vote upon a proposal to authorize flexibility for the Company, with approval of its Board of Directors, to sell shares of its common stock (during the next 12 months) at a price below its then current net asset value per share subject to certain conditions as set forth herein (including that the cumulative number of shares sold does not exceed 25% of its then outstanding common stock immediately prior to each such sale).

It is important that your shares be represented at the Special Meeting. Even if you plan to attend the meeting in person, I urge you to complete, date and sign the enclosed green proxy card and promptly return it in the envelope provided. If you prefer, you can save time by authorizing your proxy through the Internet or by telephone as described in the Proxy Statement and on the enclosed green proxy card. Your vote and participation in the governance of the Company is very important to us.

Stockholders of record at the close of business on June 10, 2016 will also receive a white proxy card for the Annual Meeting of Stockholders, which will be held at the same place and on the same date stated above, but not at the same time. You will also receive a proxy statement for the Annual Meeting of Stockholders. Please be certain to sign, date and return both the green and the white proxy cards that you receive from us.

Sincerely yours,

John J. Hannan
Chairman of the Board of Directors

APOLLO INVESTMENT CORPORATION

9 West 57th Street

New York, New York 10019

(212) 515-3450

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON AUGUST 4, 2016

To the Stockholders of Apollo Investment Corporation:

A Special Meeting of Stockholders of Apollo Investment Corporation, a Maryland corporation (the Company), will be held at **The Peninsula New York, 700 Fifth Avenue, New York, New York 10019** on Thursday, August 4, 2016 at 10:00 a.m., Eastern Daylight Time, for the following purposes:

1. To consider and vote upon a proposal to authorize flexibility for the Company, with the approval of its Board of Directors, to sell shares of its common stock (during the next 12 months) at a price below its then current net asset value per share subject to certain limitations described in the accompanying Proxy Statement (including that the cumulative number of shares sold pursuant to such authority does not exceed 25% of its then outstanding common stock immediately prior to each such sale).

You have the right to receive notice of and to vote at the meeting if you were a stockholder of record at the close of business on June 10, 2016. Even if you plan to attend, please sign the enclosed green proxy card and return it promptly in the self-addressed envelope provided or authorize your proxy by telephone or through the Internet. Please refer to the voting instructions provided on your green proxy card. In the event there are not sufficient shares present for a quorum or sufficient votes to approve the proposals at the time of the Special Meeting, the Special Meeting may be adjourned in order to permit further solicitation of proxies by the Company.

By Order of the Board of Directors,

Joseph D. Glatt,

Corporate Secretary

New York, New York

June 16, 2016

This is an important meeting. To ensure proper representation at the meeting, please complete, sign, date and return the green proxy card in the enclosed self-addressed envelope or authorize your proxy by telephone or through the Internet. 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.

APOLLO INVESTMENT CORPORATION

9 West 57th Street

New York, New York 10019

(212) 515-3450

PROXY STATEMENT

Special Meeting of Stockholders

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Apollo Investment Corporation, a Maryland corporation (the Company, we, us or our), for use at the Company's Special Meeting of Stockholders (the Meeting) to be held on Thursday, August 4, 2016 at 10:00 a.m., Eastern Daylight Time, at **The Peninsula New York, 700 Fifth Avenue, New York, New York 10019** and at any postponements or adjournments thereof. This Proxy Statement, the Notice of Special Meeting of Stockholders and the accompanying green proxy card are first being sent to stockholders on or about June 16, 2016.

We encourage you to vote your shares, either by voting in person at the Meeting or by granting a proxy (i.e., authorizing someone to vote your shares). If you properly sign, date and mail the accompanying green proxy card or authorize your proxy by telephone or through the Internet, and the Company receives it in time for voting at the Meeting, the persons named as proxies will vote your shares in the manner that you specify. **If you give no instructions on the green proxy card that you execute, the shares covered by the green proxy card will be voted FOR the proposal listed in the accompanying Notice of Special Meeting of Stockholders.**

You may revoke a proxy at any time before it is exercised by 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 of record attending the Meeting may vote in person whether or not he or she has previously authorized his or her shares to be voted by proxy.

If your shares are registered in the name of a bank, brokerage firm or other nominee you will receive instructions from your bank, broker or other nominee that you must follow in order to instruct how your shares are to be voted at the Meeting.

Purpose of Meeting

At the Meeting, you will be asked to vote on the following proposal:

1. To consider and vote upon a proposal to authorize flexibility for the Company, with the approval of its Board of Directors, to sell shares of its common stock (during the next 12 months) at a price below its then current net asset value per share subject to certain limitations described herein (including that the cumulative number of shares sold pursuant to such authority does not exceed 25% of its then outstanding common stock immediately prior to each such sale).

Voting Securities

You may vote your shares at the Meeting only if you were a stockholder of record at the close of business on June 10, 2016 (the Record Date). There were 226,067,696 shares of the Company's common stock outstanding on the Record

Date. Each share of the common stock is entitled to one vote. If you hold your shares in street name (that is, through a broker or other nominee), your broker or nominee will not vote your shares unless you provide instructions to your broker or nominee on how to vote your shares. You should instruct your broker or nominee how to vote your shares by following the voting instructions provided by your broker or nominee.

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 holders of shares of stock of the Company entitled to cast a majority of the votes entitled to be cast on the Record Date will constitute a quorum. Abstentions will be treated as shares present for quorum purposes. Shares held by a broker or other nominee for which the nominee has not received voting instructions from the beneficial owner 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 not be treated as shares present for quorum purposes because there are no routine proposals to be voted on at the Meeting.

Vote Required

Approval of Proposal to Authorize the Company to Sell Shares of its Common Stock (During the Next 12 Months) at a Price Below the Company's Then Current Net Asset Value Per Share Subject to Certain Conditions Described Herein (Including That the Cumulative Number of Shares Sold Does Not Exceed 25% of its Then Outstanding Common Stock Immediately Prior to Each Such Sale). The affirmative vote of at least (1) a majority of the outstanding shares of common stock entitled to vote at the Meeting; and (2) a majority of the outstanding shares of common stock entitled to vote at the Meeting that are not held by affiliated persons of the Company is required to approve this proposal. For purposes of this proposal, the Investment Company Act of 1940, as amended (the 1940 Act), defines a majority of the outstanding shares as: (1) 67% or more of the voting securities present at the Meeting if the holders of more than 50% of the outstanding voting securities of the Company are present or represented by proxy; or (2) more than 50% of the outstanding voting securities of the Company, whichever is less. **Abstentions will have the effect of a vote against this proposal.**

Additional Solicitation. If there are not enough shares represented at the Meeting for a quorum or votes to approve a proposal, the Chairman of the Meeting, or the stockholders who are represented in person or by proxy, may adjourn the Meeting to permit the further solicitation of proxies. If a proposal to adjourn is submitted to stockholders, the persons named as proxies will vote proxies held by them for such adjournment, except for those proxies marked to be voted against any proposal for which an adjournment is sought.

Information Regarding This Solicitation

The Company will bear the expense of the solicitation of proxies for the Meeting, including the cost of preparing, printing and mailing this Proxy Statement, the accompanying Notice of Special Meeting of Stockholders, and green proxy card. If brokers, trustees, or fiduciaries and other institutions or nominees holding shares in their names, or in the name of their nominees, which are beneficially owned by others, forward the proxy materials to, and obtain instructions from, such beneficial owners, we will reimburse such persons for their reasonable expenses in so doing.

In addition to the solicitation of proxies by mail, proxies may be solicited in person and/or by telephone, e-mail or facsimile transmission by Directors, officers or employees of the Company and/or officers or employees of Apollo Investment Management, L.P. (AIM), the Company's investment adviser. AIM is located at 9 West 57th Street, New York, New York 10019. No additional compensation will be paid to Directors, officers or regular employees of the Company or AIM for such services.

The Company has retained Georgeson Inc. (Georgeson) to assist in the solicitation of proxies. The Company expects to pay market rates for such services with an estimated fee of approximately \$10,000, plus expenses. As the Meeting date approaches, certain stockholders of the Company may receive a telephone call from a representative of Georgeson if their proxy authorizations have not yet been received. Authorization to permit Georgeson to execute proxies may be obtained by telephonic or electronically transmitted instructions from stockholders of the Company. Proxies that are obtained telephonically will be recorded in accordance with the procedures described below. The

Company believes that these procedures are reasonably designed to ensure that both the identity of the stockholder casting the vote and the voting instructions of the stockholder are accurately determined.

In all cases where a telephonic proxy is solicited, the Georgeson representative is required to ask for each stockholder's full name and complete address and to confirm that the stockholder has either received the proxy materials in the mail or has been provided a notice and access notification. If the stockholder is a corporation or entity, the Georgeson representative is required to ask for the person's title and confirmation that the person is authorized to direct the voting of the shares. If the information solicited matches the information provided to Georgeson, then the Georgeson representative has the responsibility to explain the process, read the proposal listed on the green proxy card and ask for the stockholder's instructions on the proposals. Although the Georgeson representative is permitted to answer questions about the process, he or she is not permitted to recommend to the stockholder how to vote, other than to read any recommendation set forth in this Proxy Statement. Georgeson will record the stockholder's instructions on the green proxy card. Within 72 hours, the stockholder will be sent a letter to confirm his or her proxy authorization and asking the stockholder to call Georgeson immediately if his or her instructions are not correctly reflected in the confirmation.

Stockholders also may provide their voting instructions by telephone or through the Internet. These options require stockholders to input the Control Number which is located on their green proxy card. After inputting this number, stockholders will be prompted to provide their 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 telephone call or Internet link. Stockholders who authorize proxies through 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 telephone or electronically, the stockholder may submit the green proxy card originally sent with this Proxy Statement by mail or attend the Meeting in person.

Any proxy given pursuant to this solicitation may be revoked by notice from the person giving the proxy at any time before it is exercised. Any such notice of revocation should be provided in writing and signed by the stockholder in the same manner as the proxy being revoked, even if the proxy being revoked was given by telephone or electronically and should be delivered to the Company's Secretary. The notice of revocation may be delivered by mail or in person at the Meeting. In addition, a later dated proxy granted by any means will automatically revoke any prior proxy.

Security Ownership of Certain Beneficial Owners and Management

As of the Record Date, to our knowledge, no person would be presumed under the Investment Company Act of 1940, as amended (the 1940 Act), to control us, as such term is defined in the 1940 Act.

Our Directors consist of independent Directors (Directors who are not interested persons (as defined in the 1940 Act) of the Company, and therefore not affiliates of AIM) (Independent Directors) and interested Directors. Interested Directors are interested persons of the Company, as defined in the 1940 Act.

The following table sets forth, as of March 31, 2016, certain ownership information with respect to our common stock for those persons whom we believe, based on public filings and/or information provided by such persons, directly or indirectly owned, controlled or held, with the power to vote, 5% or more of our outstanding common stock as of that date as well as our affiliates that directly or indirectly owned, controlled or held, with the power to vote, our outstanding common stock as of that date. Unless otherwise indicated, we believe that each beneficial owner set forth in the table has sole voting and investment power over the securities owned by it.

Name and address of Beneficial Owner	Type of ownership(1)	Shares owned	Percentage of common stock
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			outstanding
Thornburg Investment Management Inc. (2)	Beneficial	25,055,339	11.08%
FMR LLC (3)	Beneficial	14,460,258	6.39%
Apollo Principal Holdings III LP(4)	Beneficial	8,563,896	3.79%

- (1) All of our common stock is owned of record by Cede & Co., as nominee of The Depository Trust Company.
- (2) The principal address for Thornburg Investment Management Inc. (Thornburg) is 2300 North Ridgetop Road, Santa Fe, New Mexico 87506. Information obtained from a Form 13F filed by Thornburg with the SEC reporting share ownership as of March 31, 2016. Based on that filing, Thornburg maintains the sole power to vote or dispose of 25,055,339 shares.
- (3) The principal address for FMR LLC (FMR) is 245 Summer Street, Boston, Massachusetts 02210. Information obtained from a Form 13F filed by FMR with the SEC reporting share ownership as of March 31, 2016. Based on that filing, FMR maintains the sole power to vote 835,651 shares and has no power to vote 13,624,607 shares and has shared power with investment advisers under common control to dispose of 14,460,258 shares.
- (4) Apollo Principal Holdings III LP is an affiliate of the Company.

The following table sets forth, as of the Record Date, the number of shares of the Company's common stock beneficially owned by each of our Directors and our current Executive Officers. As of that date, the Company's Directors and Executive Officers, as a group, owned less than 1% of the Company's outstanding common stock.

Independent Directors, Interested Directors and Executive Officers	Amount and Nature of Beneficial Ownership(1)	Percent of Class(2)
Independent Directors		
Hilary E. Ackermann(3)	0	*
Jeanette W. Loeb	30,000	*
Frank C. Puleo	25,000	*
R. Rudolph Reinfrank	25,000	*
Carl Spielvogel	500	*
Elliot Stein, Jr.	22,265	*
Interested Directors		
John J. Hannan	136,896.458	*
Bradley J. Wechsler	45,000	*
James C. Zelter	288,016.797	*
Executive Officers		
Gregory W. Hunt	28,161.8703	*
Joseph D. Glatt	1,272	*
Howard T. Widra	0	*
Cindy Z. Michel	636	*

* Represents less than 1% of the outstanding shares.

(1) Includes shares held through indirect beneficial ownership in a family trust.

(2) Based on 226,067,696 shares of common stock outstanding as of the Record Date.

(3) As of the date of this Proxy Statement, Ms. Ackermann beneficially owned 4,000 shares of the Company.

Communication with the Board of Directors

Stockholders with questions about the Company are encouraged to contact the Company's Investor Relations Department. However, if stockholders believe that their questions have not been addressed, they may communicate with the Company's Board of Directors by sending their communications to Apollo Investment Corporation, c/o Joseph D. Glatt, Corporate Secretary, 9 West 57th Street, New York, New York 10019. All stockholder communications received in this manner will be delivered to one or more members of the Board of Directors.

Information about Executive Officers

The following information, as of the Record Date, pertains to our Executive Officers.

Name, Address and Age(1)	Position(s) Held with Company	Principal Occupation(s) During at Least the Past 5 Years(2)
Gregory W. Hunt, 59	Chief Financial Officer and Treasurer	Mr. Hunt began his term as Chief Financial Officer and Treasurer of the Company in May 2012. Previously, Mr. Hunt was Executive Vice President and Chief Financial Officer for Yankee Candle which he joined in April 2010. Prior to joining Yankee Candle, Mr. Hunt served as the Executive Vice President of Strategic and Commercial Development for Norwegian Cruise Lines from 2007 to 2009. Prior to joining Norwegian Cruise Lines, Mr. Hunt served as Chief Financial Officer and Chief Restructuring Officer of Tweeter Home Entertainment Group, Inc. from 2006 to 2007 and Chief Financial Officer and Co-Chief Executive of Syratech Corporation from 2001 to 2006. Prior to Syratech, Mr. Hunt held several senior financial leadership positions including Chief Financial Officer of NRT Inc., Culligan Water Technologies, Inc. and Samsonite Corporation. Mr. Hunt also serves as a Director of LogicSource, Inc. and as a member of the Board of Advisors for the University of Vermont School of Business. Mr. Hunt earned a bachelor's degree in accounting and finance from the University of Vermont and is a Certified Public Accountant.
Joseph D. Glatt, 42	Chief Legal Officer, Secretary and Vice President	Mr. Glatt was appointed Chief Legal Officer of the Company in 2014, Secretary in 2010 and Vice President in 2009. Mr. Glatt is also currently General Counsel of Apollo Capital Management, L.P., a position he has held since 2007. Since 2011 he has served as the Chief Legal Officer of Apollo Senior Floating Rate Fund Inc., and since 2013, he has served as the Chief Legal Officer of Apollo Tactical Income Fund Inc. Mr. Glatt joined Apollo

in 2007 and serves as General Counsel for Apollo Capital Management, L.P. Prior to that time, Mr. Glatt was associated with the law firms of Simpson Thacher & Bartlett LLP from 1998 to 2003 and Schulte Roth & Zabel LLP from 2003 to 2007, in each case, primarily focusing on mergers and acquisitions, leveraged buyouts and capital markets activities. Mr. Glatt received his JD from University of Pennsylvania Law School and graduated summa cum laude from Rutgers College with a BA in Political Science, Psychology and Hebraic Studies.

Name, Address and Age(1)	Position(s) Held with Company	Principal Occupation(s) During at Least the Past 5 Years(2)
Howard T. Widra, 47	President	Mr. Widra has been with Apollo Global Management, LLC and/or its affiliates since 2013. He became the President of Apollo Investment Corporation in June 2016. Mr. Widra is a co-founder of MidCap Financial (MidCap), a \$6 billion specialty finance business, and was formerly its Chief Executive Officer. Prior to MidCap, Mr. Widra was the founder and President of Merrill Lynch Capital Healthcare Finance. Prior to Merrill Lynch, Mr. Widra was President of GE Capital Healthcare Commercial Finance and held senior roles in its predecessor entities including President of Heller Healthcare Finance, and COO of Healthcare Financial Partners. Mr. Widra holds a J.D., Cum Laude, from the Harvard Law School and a B.A. in Economics from the University of Michigan.
Cindy Z. Michel, 42	Vice President and Chief Compliance Officer	Ms. Michel joined Apollo in 2007. Ms. Michel is also the Chief Compliance Officer of AGM. Prior to joining Apollo, Ms. Michel served as the Director of Compliance of the Private Equity Division and the Global Trading Strategies Group at Lehman Brothers. Prior to that, she was associated with the investment bank Credit-Suisse Securities as a member of its Compliance Department supporting the Private Equity and Investment Banking businesses. Before joining Credit-Suisse, Ms. Michel was associated with the law firm of DLA Piper. Ms. Michel graduated from Columbia University with an AB in English and Economics and holds a JD from Boston University School of Law.
James C. Zelter, 53	Chief Executive Officer and Director	Mr. Zelter became the Chief Executive Officer and a Director of the Company in 2006. Mr. Zelter is the Managing Partner of Apollo Capital Management, L.P., where he oversees the firm's activities in a broad array of asset classes. Prior to joining Apollo, Mr. Zelter was with Citigroup and its predecessor companies from 1994 to 2006. He was responsible for the global expansion and strong financial performance of the Special Situations Investment Group, a proprietary investment group he founded within Citigroup's Fixed Income Division. As head of Citigroup's Special Situations Investment Group, Mr. Zelter was responsible for the acquisition of approximately \$5 billion of non-performing loan portfolios and ancillary investments. From 2003 to 2005, Mr. Zelter was Chief Investment Officer of Citigroup Alternative Investments. Prior to joining Citigroup in 1994, Mr. Zelter was a High Yield Trader at Goldman Sachs & Co. Mr. Zelter is a board member of DUMAC,

the investment management company that oversees the Duke Endowment and Duke Foundation, and is on the board of the Dalton School. Mr. Zelter has a BA in Economics from Duke University.

- (1) The business address of each executive officer is c/o Apollo Investment Corporation, 9 West 57th Street, New York, New York 10019.
- (2) Certain executive officers serve as members of governing boards of certain of our portfolio companies.

Code of Conduct

The Company has adopted a code of conduct which applies to, among others, its executive officers, including its Chief Executive Officer and its Chief Financial Officer. The Company's code of conduct can be accessed via the Company's website at <http://www.apolloic.com>.

Certain Relationships and Transactions

Transactions with Affiliated Persons. We have entered into an amended and restated investment advisory and management agreement with AIM. Certain of our Executive Officers and our Chairman of the Board of Directors have ownership and financial interests in AIM. Certain of our Executive Officers also serve as principals of other investment managers affiliated with AIM that may in the future manage investment funds with investment objectives similar to ours. In addition, our Executive Officers and Directors and the partners of our investment adviser, AIM, serve or may serve as officers, directors or principals of entities that operate in the same or related line of business as we do, or of investment funds managed by its affiliates, although we may not be given the opportunity to participate in certain investments made by investment funds managed by advisers affiliated with AIM. However, our investment adviser and its affiliates intend to allocate investment opportunities in a fair and equitable manner consistent with our investment objectives and strategies so that we are not disadvantaged in relation to any other client. We may invest, to the extent permitted by law, on a concurrent basis with affiliates of AIM, subject to compliance with applicable regulations and our allocation procedures.

We have entered into a royalty-free license agreement with Apollo Management Holdings, L.P. (AMH), pursuant to which AMH has agreed to grant us a non-exclusive license to use the name Apollo. Under the license agreement, we have the right to use the Apollo name for so long as AIM or one of its affiliates remains our investment adviser. In addition, we rent office space from Apollo Investment Administration, LLC (AIA), an affiliate of AIM, and pay AIA our allocable portion of overhead and other expenses incurred by AIA in performing its obligations under our administration agreement with AIA, including our allocable portion of the cost of our Chief Financial Officer and Chief Compliance Officer and their respective staffs, which can create conflicts of interest that our Board of Directors must monitor.

With respect to Director independence, please refer to the Corporate Governance section in our Proxy Statement for the 2016 Annual Meeting of Stockholders.

Section 16(a) Beneficial Ownership Reporting Compliance. Pursuant to Section 16(a) of the Exchange Act, the Company's Directors and Executive Officers, and any persons holding more than 10% of its common stock, are required to report their beneficial ownership and any changes therein to the Securities and Exchange Commission (the Commission) and the Company. Specific due dates for those reports have been established, and the Company is required to report herein 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 officers, the Company believes that during the fiscal year ended March 31, 2016, except for one filing, all Section 16(a) filing requirements applicable to such persons were met in a timely manner. Due to an administrative oversight, Frank C. Puleo did not file a Form 4 on a timely basis.

***PROPOSAL I: AUTHORIZATION OF THE COMPANY TO SELL SHARES OF
COMMON STOCK BELOW NET ASSET VALUE PER SHARE
(SUBJECT TO THE CONDITIONS SET FORTH IN THIS PROPOSAL)***

The Company is a closed-end investment company that has elected to be regulated as a business development company (BDC) under the 1940 Act. The 1940 Act prohibits the Company from selling shares of its common stock at a price below the current net asset value per share of such stock (NAV), exclusive of sales compensation, unless its stockholders approve such a sale and the Company s Board of Directors makes certain determinations.

Pursuant to this provision, the Company is seeking the approval of its common stockholders so that it may, in one or more public or private offerings of its common stock, sell or otherwise issue shares of its common stock at a price below its then current NAV, subject to certain conditions discussed below. If approved, the authorization would be effective for a twelve-month period expiring on the anniversary of the conclusion of this Meeting.

The Company s Board of Directors, including a majority of the Independent Directors who have no financial interest in this proposal, has approved this proposal as in the best interests of the Company and its stockholders and recommends it to the stockholders for their approval. Upon obtaining the requisite stockholder approval, the Company will comply with the conditions described below in connection with any financing undertaken pursuant to this proposal.

It should be noted that the maximum number of shares that may be sold below NAV pursuant to this authority that could result in such dilution is limited to 25% of the Company s then outstanding common stock immediately prior to each such sale. Furthermore, pursuant to this authority, there would be no limit on the discount to NAV at which shares could be sold. *See below for a discussion and an example of the dilutive effect of the sale of shares below NAV.*

Reasons to Offer Common Stock Below NAV. The Company believes that market conditions may from time to time provide attractive opportunities to deploy capital. Global capital markets have periodically experienced periods of instability as evidenced by the extended disruptions from 2007 to 2010 in the debt capital markets, significant losses in the principal value of investments, the re-pricing of credit risk in the credit markets and the failure of certain major financial institutions. During that period, despite actions of the United States federal government and foreign governments, these events contributed to worsening general economic conditions that materially and adversely impacted the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole and financial services firms in particular. Further, many investors sold assets in order to repay debt or meet equity redemption requirements or other obligations. This dynamic created forced selling (which could return should global markets experience future disruption of the past credit cycle) that had negatively impacted valuations of debt securities in most markets. This negative pressure on valuations had contributed to significant unrealized write-downs of debt investments of many finance companies, including investments in the Company's portfolio. However, these changes in the market conditions also had beneficial effects for capital providers, including more favorable pricing of risk and more creditor-friendly contractual terms.

While market conditions have improved over the past several years, there can be no assurance that adverse market conditions will not repeat themselves or worsen in the future. If these adverse market conditions re-occur or increase in severity and duration, we and other companies in the financial services sector may not have access to sufficient debt and equity capital in order to take advantage of favorable investment opportunities. The current economic environment gives firms that have access to capital a significant advantage. We believe that there are opportunities in the secondary market and, accordingly, firms that continue to have access to capital in the current environment will have investment opportunities on more favorable terms than have been available at other times. Our ability to take advantage of these opportunities is dependent upon, among other things, our access to equity capital. In addition, debt capital that may become available may be at a higher cost and on less favorable terms and conditions in the future. Stockholder approval of the proposal to sell shares of our common stock below NAV, subject to the conditions set forth in this proposal, would provide us with the flexibility to invest in such attractive investment opportunities, which typically need to be made expeditiously. Furthermore, the additional capital raised through an offering of our common stock may help us generate additional deal flow. With more capital to make investments, we could be a more meaningful capital provider and such additional capital would allow us to compete more efficiently and effectively for high quality investment opportunities. Such investment opportunities may be funded with proceeds of an offering of shares of our common stock.

As a BDC and a regulated investment company ("RIC"), for tax purposes, the Company is dependent on its ability to raise capital through the sale of common stock. RICs generally must distribute substantially all of their earnings from dividends, interest and short-term gains to stockholders as dividends in order to achieve pass-through tax treatment, which prevents the Company from using those earnings to support new investments. Further, for the same reason, BDCs, in order to borrow money or issue preferred stock, must maintain a debt to equity ratio of not more than 1:1, which requires the Company to finance its investments with at least as much common equity as debt and preferred stock in the aggregate. Therefore, to continue to build the Company's investment portfolio, and thereby support maintenance and growth of the Company's dividends, the Company endeavors to maintain consistent access to capital through the public and private equity markets enabling it to take advantage of investment opportunities as they arise.

Even though the underlying performance of a particular portfolio company may not necessarily indicate impairment or its inability to repay all principal and interest in full, the volatility in the debt capital markets may continue to negatively impact the valuations of debt investments and result in further unrealized write-downs of those debt investments. These unrealized write-downs, as well as unrealized write-downs based on the underlying performance of the Company's portfolio companies, if any, negatively impact stockholders' equity and the resulting debt to equity ratio.

Exceeding the 1:1 debt to equity ratio could have severe negative consequences for a BDC, including the inability to pay dividends, breaching debt covenants and failure to qualify for tax treatment as a RIC. Although the Company does not currently expect that it will exceed this 1:1 debt to equity ratio, the markets it operates in and the general economy remain volatile and uncertain. Continued volatility in the capital markets and the resulting negative pressure on debt investment valuations could negatively impact the Company's asset valuations, stockholders' equity and the Company's debt to equity ratio.

As noted above, market disruptions may result in good opportunities to invest at attractive risk-adjusted returns. However, the extreme volatility and dislocation that the capital markets experienced from 2007 to 2010 also materially and adversely impacted the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole and financial services firms in particular. If these adverse market conditions return and/or worsen in the future, the Company and other companies in the financial services sector may not have access to sufficient debt and equity capital in order to take advantage of these good investment opportunities. In addition, the debt capital that will be available, if at all, may be at a higher cost and on less favorable terms and conditions in the future.

Shares of BDCs may trade at a market price that is less than the value of the net assets attributable to those shares. At times our shares of common stock have traded in excess of NAV and at times they have traded at a discount from NAV. The possibility that our shares of common stock will trade at a discount from NAV or at premiums that are unsustainable over the long term is a risk separate and distinct from the risk that our NAV will decrease. It is not possible to predict whether the shares that may be offered pursuant to this approval will trade at, above, or below NAV. The following table lists the high and low closing sales prices for our common stock, and the closing sales price as a percentage of NAV. On June 10, 2016, the last reported closing sale price of our common stock was \$5.48 per share which represented a discount of approximately 25% to the most recently reported NAV (as of March 31, 2016) of \$7.28.

	NAV(1)	Sales Price High	Sales Price Low	High Sales Price as a percentage of NAV(2)	Low Sales Price as a percentage of NAV(2)
Fiscal Year Ended March 31, 2016					
Fourth Fiscal Quarter	\$ 7.28	\$ 5.70	\$ 4.26	78%	59%
Third Fiscal Quarter	\$ 7.56	\$ 6.39	\$ 4.78	85%	63%
Second Fiscal Quarter	\$ 7.83	\$ 7.29	\$ 5.36	93%	68%
First Fiscal Quarter	\$ 8.01	\$ 8.03	\$ 6.95	100%	87%
Fiscal Year Ended March 31, 2015					
Fourth Fiscal Quarter	\$ 8.18	\$ 7.92	\$ 7.00	97%	86%
Third Fiscal Quarter	\$ 8.43	\$ 8.44	\$ 6.80	100%	81%
Second Fiscal Quarter	\$ 8.72	\$ 8.87	\$ 8.13	102%	93%
First Fiscal Quarter	\$ 8.74	\$ 8.64	\$ 7.83	99%	90%

- (1) NAV is determined as of the last business day in the relevant quarter and therefore may not reflect what the NAV would have been on the date of the high and low sales prices. The NAVs shown are based on outstanding shares at the end of each quarter.
- (2) Calculated as the respective high or low sales price divided by the quarter end NAV.

At our Special Meeting of Stockholders held on August 5, 2015, the stockholders authorized the Company, with the approval of its Board of Directors, during a one-year period to sell shares of its common stock at a price below NAV under certain limitations, including that the cumulative number of shares sold pursuant to such authority not exceed 25% of the Company's then outstanding common stock immediately prior to each such sale. This authorization will expire on August 5, 2016, the anniversary of such stockholder approval. In these uncertain financial times, the availability of additional options that would be afforded by approval of this proposal by stockholders is of great importance to us.

The Board of Directors believes that having the flexibility for the Company to sell its common stock below NAV in certain instances is in the best interests of stockholders. If the Company were unable to access the capital markets as attractive investment opportunities arise, the Company's ability to grow over time and continue to pay dividends to stockholders could be adversely affected.

While the Company has no immediate plans to sell shares of its common stock below NAV, it is seeking stockholder approval now in order to maintain access to the markets if the Company determines it should sell shares of common

stock below NAV. These sales typically must be undertaken quickly. The final terms of any such sale will be determined by the Board of Directors at the time of sale. Also, because the Company has no immediate plans to sell any shares of its common stock, it is impracticable to describe the transaction or transactions in which such shares of common stock would be sold. Instead, any transaction where the Company sells such shares of common stock, including the nature and amount of consideration that would be received by the Company at the time of sale and the use of any such consideration, will be reviewed and approved by the Board of Directors at the time of sale. If this proposal is approved, no further authorization from the stockholders will be solicited prior to any such sale in accordance with the terms of this proposal. If approved, the authorization would be effective for securities sold during a period beginning on the date of such stockholder approval and expiring on the anniversary of the date of the Meeting.

Conditions to Sales Below NAV. If stockholders approve this proposal, the Company will sell shares of its common stock at a price below NAV, exclusive of sales compensation, only if the following conditions are met:

a majority of the Company's Independent Directors who have no financial interest in the sale have approved the sale;

a majority of the Independent Directors, in consultation with the underwriter or underwriters of the offering if it is to be underwritten, have determined in good faith, and as of a time immediately prior to the first solicitation by or on behalf of the Company of firm commitments to purchase such securities or immediately prior to the sale of such securities, that the price at which such securities are to be sold is not less than a price which closely approximates the market value of those securities, less any underwriting commission or discount which could be substantiated; and

the cumulative number of shares sold pursuant to such authority during the applicable period does not exceed 25% of the Company's then outstanding common stock immediately prior to each such sale.

Key Stockholder Considerations. Before voting on this proposal or giving proxies with regard to this matter, stockholders should consider the potentially dilutive effect of the sale of shares of the Company's common stock at less than NAV and the expenses associated with such sale on the NAV. Any sale of common stock at a price below NAV would result in an immediate dilution to existing common stockholders who do not participate in such sale on at least a pro rata basis. This dilution would include reduction in the NAV as a result of the sale of shares at a price below the NAV and a proportionately greater decrease in a stockholder's interest in the earnings and assets of the Company and voting interest in the Company than the increase in the assets of the Company resulting from such sale. The Board of Directors of the Company will consider the potential dilutive effect of the sale of shares at a price below the NAV when considering whether to authorize any such sale. Shares of common stock sold at prices below then current NAV upon exercise or conversion of any warrants or other securities that may be issued under authority previously approved by shareholders in accordance with Section 61(a) of the 1940 Act will not be taken into account in determining whether the 25% limitation described above in this proposal has been reached.

The 1940 Act establishes a connection between common share sale price and NAV because when stock is sold at a sale price below NAV, the resulting increase in the number of outstanding shares is not accompanied by a proportionate increase in the net assets of the issuer. Stockholders should also consider that they will have no subscription, preferential or preemptive rights to additional shares of the common stock proposed to be authorized for sale, and thus any future issuance of common stock will dilute their holdings of common stock as a percentage of shares outstanding to the extent they do not purchase sufficient shares in the offering or otherwise to maintain their percentage interest. Further, if current stockholders of the Company do not purchase any shares to maintain their percentage interest, regardless of whether such offering is above or below the then current NAV, their voting power will be diluted. There is no maximum level of discount from NAV at which we may sell shares pursuant to this authorization.

Examples of Dilutive Effect of the Issuance of Shares Below Net Asset Value

The following table illustrates the level of net asset value dilution that would be experienced by a nonparticipating stockholder in four different hypothetical offerings of different sizes and levels of discount from net asset value per share, although it is not possible to predict the level of market price decline that may occur. Actual sales prices and discounts may differ from the presentation below.

The examples assume that Company XYZ has 1,000,000 common shares outstanding, \$15,000,000 in total assets and \$5,000,000 in total liabilities. The current net asset value and net asset value per share are thus \$10,000,000 and \$10.00. The table illustrates the dilutive effect on nonparticipating Stockholder A of (1) an offering of 50,000 shares (5% of the outstanding shares) at \$9.50 per share after offering expenses and commission (a 5% discount from net asset value); (2) an offering of 100,000 shares (10% of the outstanding shares) at \$9.00 per share after offering expenses and commissions (a 10% discount from net asset value); (3) an offering of 250,000 shares (25% of the outstanding shares) at \$7.50 per share after offering expenses and commissions (a 25% discount from net asset value); and (4) an offering of 250,000 shares (25% of the outstanding shares) at \$0.00 per share after offering expenses and commission (a 100% discount from NAV).

	Prior to Sale Below NAV	Example 1 5% Offering at 5% Discount		Example 2 10% Offering at 10% Discount		Example 3 25% Offering at 25% Discount		Example 4 25% Offering at 100% Discount	
		Following Sale	% Change	Following Sale	% Change	Following Sale	% Change	Following Sale	% Change
Offering Price									
Price per Share									
Public		\$ 10.00		\$ 9.47		\$ 7.89		\$ 0.00	
Net Proceeds									
Per Share to Issuer		\$ 9.50		\$ 9.00		\$ 7.50		\$ 0.00	
Increase to NAV									
Total Shares Outstanding	1,000,000	1,050,000	5.00%	1,100,000	10.00%	1,250,000	25.00%	1,250,000	25.00%
NAV per Share	\$ 10.00	\$ 9.98	(0.20)%	\$ 9.91	(0.90)%	\$ 9.50	(5.00)%	\$ 8.00	(20.00)%
Dilution to Stockholder									
Shares Held by Stockholder A	10,000	10,000		10,000		10,000		10,000	
Percentage Held by Stockholder A	1.0%	0.95%	(4.76)%	0.91%	(9.09)%	0.80%	(20.00)%	0.80%	(20.00)%
Total Asset Values									
Total NAV Held by	\$ 100,000	\$ 99,800	(0.20)%	\$ 99,100	(0.90)%	\$ 95,000	(5.00)%	\$ 80,000	(20.00)%

Stockholder A					
Total					
Investment by					
Stockholder A					
Assumed to					
be \$10.00 per					
share)	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Total Dilution					
Stockholder A					
Total NAV					
Less Total					
Investment)		\$ (200)	\$ (900)		