

EASTMAN KODAK CO
Form DEF 14C
November 29, 2016

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**SCHEDULE 14C
(Rule 14c-101)**

Information Statement Pursuant to Section 14(c) of the Securities Exchange Act of 1934

Check the appropriate box:

Preliminary Information Statement

Definitive Information Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2))

EASTMAN KODAK COMPANY
(Name of Registrant As Specified In Its Charter)

Payment of Filing Fee (Check the Appropriate Box):

No fee required

Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.

- | | |
|-----|---|
| (1) | Title of each class of securities to which transaction applies: |
| (2) | Aggregate number of securities to which the 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:

EASTMAN KODAK COMPANY
343 State Street, Rochester, New York 14650

**NOTICE OF ACTION BY WRITTEN CONSENT
OF MAJORITY OF SHAREHOLDERS TO BE EFFECTIVE DECEMBER 19, 2016**

**WE ARE NOT ASKING YOU FOR A PROXY AND
YOU ARE REQUESTED NOT TO SEND US A PROXY**

To the Holders of Common Stock of Eastman Kodak Company:

We are furnishing the attached Information Statement to the holders of common stock of Eastman Kodak Company, a New Jersey corporation (the Company, we, us or our), pursuant to the requirements of Section 14 of the Securities Exchange Act of 1934, as amended (the Act), the rules and regulations promulgated by the U.S. Securities and Exchange Commission thereunder, and the requirements of the New Jersey Business Corporations Act, in connection with a written consent in lieu of a special meeting (the Written Consent), dated as of November 7, 2016, executed by the holders of approximately 51% of our outstanding shares of common stock, par value \$0.01 per share (the Common Stock). A copy of the Written Consent is attached as Annex A to the Information Statement.

The Written Consent approves certain actions (the Actions) authorized by the Board of Directors of the Company relating to the issuance of the 5.50% Series A Convertible Preferred Stock of the Company (the Series A Preferred Stock). As more fully described in the accompanying Information Statement, among other actions, the voting shareholders approved the conversion feature of the Series A Preferred Stock and the issuance of all additional shares of Common Stock that are issuable pursuant to the terms of the Series A Preferred Stock in excess of 19.99% of the voting power of the Company or number of shares of Common Stock outstanding before the original issuance date of the Series A Preferred Stock.

The Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of the Company providing the terms of the Series A Preferred Stock (the Certificate of Designations) is attached as Exhibit A to the Written Consent. Pursuant to Rule 14c-2 of the Exchange Act, the Actions will become effective on or after December 19, 2016, which is 20 calendar days following the date we first mail the Information Statement to our shareholders.

As described in the Information Statement, the Actions have already been approved by shareholders representing more than a majority of our outstanding shares of Common Stock. Accordingly, the Company is not soliciting your proxy or consent in connection with the matters discussed above or in the Information Statement.

You are urged to read the Information Statement in its entirety.

The Information Statement is being mailed on or about November 29, 2016 to shareholders of record as of November 7, 2016.

THE INFORMATION STATEMENT IS FOR YOUR INFORMATION ONLY. YOU DO NOT NEED TO DO ANYTHING IN RESPONSE TO THE INFORMATION STATEMENT. THIS IS NOT A NOTICE OF A MEETING OF SHAREHOLDERS AND NO SHAREHOLDER MEETING WILL BE HELD TO CONSIDER ANY MATTER DESCRIBED IN THE INFORMATION STATEMENT.

By Order of the Board of Directors,

/s/ James V. Continenza
James V. Continenza
Chairman of the Board of Directors of
Eastman Kodak Company

EASTMAN KODAK COMPANY

INFORMATION STATEMENT

November 29, 2016

**WE ARE NOT ASKING YOU FOR A PROXY AND
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INTRODUCTION

General Information

The Board of Directors (the Board) of Eastman Kodak Company, a New Jersey corporation (the Company, we, us or our), is furnishing Information Statement to the holders of our common stock, par value \$0.01 per share (the Common Stock), in connection with a written consent in lieu of a special meeting (the Written Consent), dated as of November 7, 2016, executed by the holders (the Voting Shareholders) of approximately 51% of our outstanding shares of Common Stock. A copy of the Written Consent is attached as Annex A to this Information Statement.

The Written Consent approves certain actions (the Actions) taken by the Board relating to the issuance of the 5.50% Series A Convertible Preferred Stock of the Company (the Series A Preferred Stock). The Actions are more fully described in this Information Statement. The Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of the Company (the Certificate of Designations), which provides the terms of the Series A Preferred Stock, is attached hereto as Exhibit A to the Written Consent (Annex A to this Information Statement).

The Written Consent was in accordance with the New Jersey Business Corporations Act (the NJBCA), our Second Amended and Restated Certificate of Incorporation (the Certificate of Incorporation) and our Third Amended and Restated By-laws (the Bylaws), which permit any action which may be taken at a meeting of our shareholders to also be taken by the written consent of our shareholders. The Actions taken by the Written Consent required the approval of the holders of a majority of our outstanding shares of Common Stock.

This Information Statement is being furnished to all of our shareholders in accordance with Section 14 of the Securities Exchange Act of 1934, as amended (the Exchange Act), the rules and regulations promulgated by the U.S. Securities and Exchange Commission (SEC) thereunder, and the requirements of the NJBCA, solely for the purpose of informing our shareholders of the Actions taken by the Written Consent before it becomes effective.

This information statement will be mailed on or about November 29, 2016 to shareholders of record as of November 7, 2016 (the Record Date). Pursuant to Rule 14c-2 of the Exchange Act, the Actions will become effective on or after December 19, 2016, which is 20 calendar days following the date we first mail this Information Statement to our shareholders.

The Board approved the issuance of the Series A Preferred Stock and related actions on October 26, 2016, and a pricing committee established by the Board (the Pricing Committee) approved certain terms of such issuance and related actions on November 6, 2016.

The Voting Shareholders approved the Actions by the Written Consent on November 7, 2016.

This Information Statement contains a summary of the material aspects of the actions relating to the issuance of the Series A Preferred Stock that were approved by the Board, the Pricing Committee and the Voting Shareholders.

ABOUT THIS INFORMATION STATEMENT

What is the Purpose of this Information Statement?

This Information Statement is being furnished to you pursuant to the requirements of the Exchange Act and the NJBCA to notify you of certain corporate actions taken by the Voting Shareholders pursuant to the Written Consent. In order to eliminate the costs and management time involved in obtaining proxies and in order to effect the Actions as early as possible to accomplish the purposes herein described, the Board elected to seek the written consent of the Voting Shareholders in lieu of a special meeting. We are making this Information Statement available to you on or about November 29, 2016. The Company is not soliciting your proxy or consent and you are not being asked to take any action in connection with this Information Statement.

Who is Entitled to Notice?

Each holder of record of outstanding shares of Common Stock on the Record Date is entitled to notice of the actions to be taken pursuant to the Written Consent.

Why Did the Company Seek Shareholder Approval?

On October 26, 2016, the Board authorized the issuance and sale of up to \$210 million of Series A Preferred Stock (the Issuance). On November 7, 2016, the Company entered into a Series A Preferred Stock Purchase Agreement with Southeastern Asset Management, Inc. (Southeastern) and certain investment funds managed by Southeastern (each such investment fund, a Purchaser and, collectively, the Purchasers) for the purchase and sale of 2,000,000 shares of Series A Preferred Stock for a purchase price of \$200 million (the Purchase Agreement). As provided in the Certificate of Designations, and further described in this Information Statement, the Series A Preferred Stock is convertible into shares of Common Stock and additional shares of Common Stock are issuable under certain circumstances pursuant to the terms of the Series A Preferred Stock.

Because the Common Stock is listed on the New York Stock Exchange (the NYSE), we are subject to NYSE rules and regulations. Section 312.03 of the NYSE Listed Company Manual requires shareholder approval prior to the issuance of common stock, or securities convertible into or exercisable for common stock, in any transaction or series of transactions if (i) the common stock to be issued has, or will have upon issuance, voting power equal to or in excess of 20% of the voting power outstanding before the issuance of such stock or of securities convertible into or exercisable for common stock, or (ii) the number of shares of common stock to be issued is, or will be upon issuance, equal to or in excess of 20% of the number of shares of common stock outstanding before the issuance of the common stock or of securities convertible into or exercisable for common stock. In addition, Section 312.03(d) of the NYSE Listed Company Manual requires shareholder approval prior to the issuance of securities that will result in a change of control of the issuer.

Upon conversion of the Series A Preferred Stock and the issuance of all additional shares of Common Stock that are issuable pursuant to the terms of the Series A Preferred Stock, such shares of Common Stock would exceed 20% of both the voting power and number of shares of Common Stock outstanding before the issuance of the Series A Preferred Stock. Accordingly, holders of more than a majority of our outstanding shares of Common Stock were asked to approve the conversion feature of the Series A Preferred Stock and the issuance of all additional shares of Common Stock that are issuable pursuant to the terms of the Series A Preferred Stock in excess of 19.99% of the voting power of the Company or number of shares of Common Stock outstanding before such issuance.

Moreover, the NYSE rules do not define a change of control, so given the percentage of Common Stock that may be held by the Purchasers upon conversion of the Series A Preferred Stock and the issuance of all additional shares of Common Stock that are issuable pursuant to the terms of the Series A Preferred Stock, holders of more than a majority of our outstanding shares of Common Stock were asked to approve any change of control of the Company, if and to the extent required pursuant to the NYSE rules.

Section 7-9(4) of the NJBCA provides that, if provided in the authorization of the issuance of convertible securities by the shareholders of a New Jersey corporation, a board of directors may increase the authorized but unissued capital stock of the corporation without additional shareholder approval. Accordingly, holders of more than a majority of our outstanding shares of Common Stock were asked to consider and approve authorizing the Board to increase the amount of authorized shares of Common Stock to such number as will be not more than sufficient, when added to the previously authorized but unissued shares of Common Stock, to satisfy the conversion privileges of the Series A Preferred Stock.

What Actions were Approved by the Voting Shareholders?

Pursuant to the Written Consent (attached hereto as Annex A), the following Actions were approved by the Voting Shareholders:

In accordance with Section 312.03 of the NYSE Listed Company Manual (including, without limitation, Section 312.03(c) and, if and to the extent required, Section 312.03(d) thereof), the Voting Shareholders ratified, adopted, approved and confirmed the conversion feature of the Series A Preferred Stock and the issuance of all additional shares of Common Stock that are issuable pursuant to the terms of the Series A Preferred Stock in excess of 19.99% of the voting power of the Company or number of shares of Common Stock outstanding before such issuance.

The Voting Shareholders authorized, empowered and directed the Company to take all such actions, to cause to be prepared and filed all such documents, to make all expenditures and to execute all instruments deemed by the officers of the Company to be necessary or desirable in carrying out and effectuating the issuance of the Series A Preferred Stock and the transactions contemplated thereby.

In accordance with Section 7-9(4) of the NJBCA, the Voting Shareholders authorized the Board, without additional approval of the shareholders of the Company, to increase the amount of authorized shares of Common Stock to such number as will be not more than sufficient, when added to the previously authorized but unissued shares of Common Stock, to satisfy the conversion privileges of the Series A Preferred Stock.

What Vote was Required to Approve the Actions?

The affirmative vote of the holders of a majority of our outstanding shares of Common Stock on the Record Date was required to approve the Actions. As of the Record Date, the Company had 42,359,022 shares of Common Stock issued and outstanding. Each share of Common Stock entitles its holder to one vote on each matter submitted to our shareholders. Voting Shareholders holding approximately 51% of the total outstanding shares of Common Stock as of the Record Date have consented to the Actions. Because the Voting Shareholders, holding more than a majority of our outstanding shares of Common Stock as of the Record Date, consented to the Actions, no other shareholder votes, consents or actions will be required or obtained in connection with this Information Statement or the Actions.

Is a Vote Required to Approve the Issuance of the Series A Preferred Stock up to 19.99% of the Voting Power of the Company or Number of Shares of Common Stock Outstanding Before such Issuance?

No. No approval by the holders of Common Stock was required for the Issuance. The consummation of the purchase and sale of the shares of Series A Preferred Stock pursuant to the Purchase Agreement (the Closing) occurred on November 15, 2016 (the Closing Date). The Certificate of Designations provides that prior to the requisite shareholder approval, the shares of Common Stock issuable pursuant to the terms of the Series A Preferred Stock is limited to 19.99% of the voting power of the Company or number of shares of Common Stock outstanding before the issuance of the Series A Preferred Stock (the Conversion Cap). The Written Consent approves the issuance of Common Stock pursuant to the terms of the Series A Preferred Stock up to and above 20% of both the voting power and number of shares of Common Stock outstanding before the issuance of the Series A Preferred Stock.

Do I have appraisal rights?

No. None of the NJBCA, our Certificate of Incorporation or our Bylaws provides holders of Common Stock with dissenters or appraisal rights in connection with the Actions described in this Information Statement.

Will the Issuance of the Series A Preferred Stock be Dilutive to Existing Holders of Common Stock?

The Issuance of the Series A Preferred Stock may be dilutive to existing holders of Common Stock. Based on the capitalization of the Company as of November 7, 2016, and the initial conversion rate of 5.7471 shares of Common Stock per share of Series A Preferred Stock, the conversion of the Series A Preferred Stock would result in the holders thereof owning approximately 21% of our outstanding Common Stock after giving effect to such conversion. This would amount to a dilution of approximately 21% to existing holders of Common Stock. Further, additional shares of Common Stock may be issuable pursuant to certain other features of the Series A Preferred Stock, with such issuances being further dilutive to existing holders of Common Stock. See Possible Effects of the Issuance Dilution for additional information.

BACKGROUND AND REASONS FOR THE ISSUANCE AND SHAREHOLDER APPROVAL

Background and Reasons for the Issuance

The Board and the Company's management regularly evaluate the Company's liquidity and capital resources, including potential equity transactions. Southeastern contacted the Company on an unsolicited basis in August 2016. In late September 2016, our management and Southeastern began discussing the possibility of the purchase and sale of certain convertible preferred securities of the Company. On October 26, 2016, following discussions and negotiations with Southeastern regarding its possible purchase of certain convertible preferred securities of the Company and the details thereof, in consultation with the Company's legal and financial advisors and upon the recommendation of the Company's management, the Board authorized and approved the issuance of up to \$210 million of Series A Preferred Stock to the Purchasers.

Following the Board approval, the Company's management and Southeastern negotiated the final terms of the Series A Preferred Stock and the final terms of the sale of the Series A Preferred Stock to the Purchasers. On November 6, 2016, in consultation with the Company's legal and financial advisors and upon the recommendation of the Company's management, the Pricing Committee authorized and approved the issuance of \$200 million of Series A Preferred Stock to the Purchasers and the final terms of such transaction.

On November 7, 2016, the Company, Southeastern and the Purchasers entered into the Purchase Agreement pursuant to which the Company will sell to the Purchasers and the Purchasers will purchase from the Company, in the aggregate, 2,000,000 shares of Series A Preferred Stock for an aggregate purchase price of \$200 million. The related definitive documentation and the terms of the Series A Preferred Stock are described in further detail in this Information Statement. The consummation of the purchase and sale of the shares of Series A Preferred Stock pursuant to the Purchase Agreement (the Closing) occurred on November 15, 2016.

The Issuance is expected to strengthen the Company's capital structure and enhances its financial flexibility. The Company used the net proceeds from the Issuance, together with cash on hand, to prepay all of the outstanding term loans under the Senior Secured Second Lien Term Credit Agreement, dated as of September 3, 2013, by and among the Company, the lenders from time to time parties thereto, and Barclays Bank PLC, as administrative agent (the Second Lien Credit Agreement). This immediately reduced cash payable for interest, improving cash flow for the Company.

Reasons for Seeking Shareholder Approval

Because the Common Stock is listed on the NYSE, we are subject to NYSE rules and regulations. Section 312.03 of the NYSE Listed Company Manual requires shareholder approval prior to the issuance of common stock, or securities convertible into or exercisable for common stock, in any transaction or series of transactions if (i) the common stock to be issued has, or will have upon issuance, voting power equal to or in excess of 20% of the voting power outstanding before the issuance of such stock or of securities convertible into or exercisable for common stock, or (ii) the number of shares of common stock to be issued is, or will be upon issuance, equal to or in excess of 20% of the number of shares of common stock outstanding before the issuance of the common stock or of securities convertible into or exercisable for common stock. In addition, Section 312.03(d) of the NYSE Listed Company Manual requires shareholder approval prior to the issuance of securities that will result in a change of control of the issuer.

Upon conversion of the Series A Preferred Stock and the issuance of all additional shares of Common Stock that are issuable pursuant to the terms of the Series A Preferred Stock, such shares of Common Stock would exceed 20% of both the voting power and number of shares of Common Stock outstanding before the issuance of the Series A Preferred Stock. Accordingly, holders of more than a majority of our outstanding shares of Common Stock were asked to approve the conversion feature of the Series A Preferred Stock and the issuance of all additional shares of Common Stock that are issuable pursuant to the terms of the Series A Preferred Stock in excess of 19.99% of the voting power of the Company or number of shares of Common Stock outstanding before the issuance of the Series A Preferred Stock.

Moreover, the NYSE rules do not define a change of control, so given the percentage of Common Stock that may be held by the Purchasers upon conversion of the Series A Preferred Stock and the issuance of all additional shares of Common Stock that are issuable pursuant to the terms of the Series A Preferred Stock, holders of more than a majority of our outstanding shares of Common Stock were asked to approve any change of control of the Company, if and to the extent required pursuant to the NYSE rules.

Section 7-9(4) of the NJBCA provides that, if provided in the authorization of the issuance of convertible securities by the shareholders of a New Jersey corporation, a board of directors may increase the authorized but unissued capital stock of the corporation without additional shareholder approval. Accordingly, holders of more than a majority of our outstanding shares of Common Stock were asked to consider and approve authorizing the Board to increase the amount of authorized shares of Common Stock to such number as will be not more than sufficient, when added to the previously authorized but unissued shares of Common Stock, to satisfy the conversion privileges of the Series A Preferred Stock.

No approval by the holders of Common Stock was required for the Issuance. The consummation of the purchase and sale of the shares of Series A Preferred Stock pursuant to the Purchase Agreement (the Closing) occurred on November 15, 2016. The Certificate of Designations provides that prior to the requisite shareholder approval, the shares of Common Stock issuable pursuant to the terms of the Series A Preferred Stock is limited to the Conversion Cap. The Written Consent approves the issuance of Common Stock pursuant to the terms of the Series A Preferred Stock up to and above 20% of both the voting power and number of shares of Common Stock outstanding before the issuance of the Series A Preferred Stock.

DESCRIPTION OF THE TRANSACTION DOCUMENTS

The following is a summary of the material terms of the Purchase Agreement and the related Registration Rights Agreement, dated as of the Closing Date, by and among the Company, Southeastern and the Purchasers (the Registration Rights Agreement). While we believe this description covers the material terms of these agreements, we encourage you to read the Purchase Agreement and the Registration Rights Agreement. The Purchase Agreement was included as Exhibit 10.1 to the Current Report on Form 8-K filed by the Company on November 7, 2016, and the Registration Rights Agreement was included as Exhibit 4.1 to the Current Report on Form 8-K filed by the Company on November 16, 2016. For more information about accessing these Current Reports on Form 8-K and the other information we file with the SEC, please see [Where You Can Find More Information](#) below.

Purchase Agreement

As described above, on November 7, 2016, the Company, Southeastern and the Purchasers entered into the Purchase Agreement, pursuant to which the Company sold to the Purchasers and the Purchasers purchased from the Company, in the aggregate, 2,000,000 shares of Series A Preferred Stock for an aggregate purchase price of \$200 million. The consummation of the purchase and sale of the shares of Series A Preferred Stock pursuant to the Purchase Agreement (the Closing) occurred on November 15, 2016.

Representations and Warranties

In the Purchase Agreement, the Company made representations and warranties to the Purchasers relating to the Company, our business and the Issuance. The Purchasers also made representations and warranties to the Company regarding themselves, the sufficiency of their funds to consummate the transactions, and their compliance with securities laws. The representations and warranties made in the Purchase Agreement did not survive the Closing and the Purchase Agreement does not provide for indemnification relating to such representations and warranties.

Additional Agreements

In the Purchase Agreement, the parties agreed to take certain actions, including making any necessary governmental filings, mailing this Information Statement to the holders of Common Stock as of the Record Date, and taking commercially reasonable actions as necessary to effect the Closing. Further, the Purchase Agreement provides that the Purchasers, beginning at the first annual meeting of shareholders of the Company following the Closing and for as long as the Purchasers hold any shares of Series A Preferred Stock, shall be entitled to nominate (collectively and not individually) for election at the Company's annual meeting of shareholders a number of directors to the Board commensurate with their ownership percentage of Common Stock on an as-converted basis. Accordingly, it is expected that the Purchasers will be able to nominate two directors to the Board at the Company's next annual meeting of shareholders, assuming the Purchasers retain ownership of their shares of Series A Preferred Stock. The Purchase Agreement also provides the Purchasers (collectively and not individually) the right to fill vacancies on the Board created by a designee of the Purchasers ceasing to serve on the Board. The nomination right of the Purchasers will be reduced by two nominees at any time that the holders of the Series A Preferred Stock have the right as a separate class to elect two directors. For additional information, see [Description of Issued Securities](#) [Voting Rights](#). The nomination and other rights regarding the Board granted to the Purchasers pursuant to the terms of the Purchase Agreement are not transferrable to any other person.

Registration Rights Agreement

As contemplated by the Purchase Agreement, at the Closing, the Company, Southeastern and the Purchasers entered into the Registration Rights Agreement in substantially the form attached to the Purchase Agreement as Exhibit C. As described in further detail below, the Registration Rights Agreement provides that the Company will register under the Securities Act of 1933, as amended (the Securities Act) and take certain actions with respect to the offer and sale by the Purchasers of shares of Series A Preferred Stock purchased by the Purchasers and Common Stock issuable upon conversion of the Series A Preferred Stock and issuable pursuant to the terms of the Series A Preferred Stock.

Reimbursement of Expenses

The Purchase Agreement provides that the Company will reimburse the Purchasers' external legal counsel for up to \$250,000 of their reasonable fees and expenses incurred in connection with the Issuance, and the Company has separately agreed to pay half of the fees of a financial consultant to Southeastern up to \$20,000. No other fees were paid by the Company to or on behalf of Southeastern or the Purchasers in connection with the transactions contemplated by the Purchase Agreement.

Registration Rights Agreement

As noted above, at the Closing, the Company, Southeastern and the Purchasers entered into a Registration Rights Agreement, pursuant to which the Company will register under the Securities Act and take certain actions with respect to the offer and sale by the Purchasers of shares of Series A Preferred Stock purchased by the Purchasers and shares of Common Stock issuable upon conversion of the Series A Preferred Stock and issuable pursuant to the terms of the Series A Preferred Stock (the registrable securities).

Shelf Registration and Takedowns

Within 90 days after the Closing Date, the Company will prepare and file with the SEC a registration statement on Form S-3 providing for the resale of the registrable securities pursuant to an offering to be made on a continuous basis under Rule 415. Upon the written demand of the relevant Purchaser(s), the Company will facilitate a takedown of registrable securities off of the registration statement but the Purchaser(s) may not, individually or collectively, make more than four demands in the aggregate. Any demand for an underwritten offering of Series A Preferred Stock will have an aggregate market value (based on the most recent closing price of the Common Stock into which the Series A Preferred Stock is convertible at the time of the demand) of at least \$75 million.

Piggyback Rights

The Purchasers are not entitled to piggyback registration rights.

Transferability of Registration Rights

The Registration Rights Agreement is binding upon the parties thereto and their successors and will inure to the benefit of each Purchaser and its successors and permitted assigns. Neither party may assign the Registration Rights Agreement without the prior written consent of the other party.

Expenses of Registration

The Company will bear all fees and expenses incident to the performance of the Registration Rights Agreement including all registration and filing fees and related expenses, as well as fees and expenses of persons retained by the Company to carry out its obligations under the Registration Rights Agreement (including independent public accountants). The Company will not bear any underwriters', brokers' and dealers' discounts and commissions, transfer taxes or other similar fees incurred by the Purchasers in connection with the sale of registrable securities.

Indemnification

Subject to certain exceptions, the Company has agreed to indemnify each Purchaser, its officers, directors, employees and affiliates, and each person that controls such Purchaser and the officers, directors and employees of each such controlling party, against all losses, claims, damages, liabilities, costs and expenses arising out of or relating to any violation of securities laws or any untrue or alleged untrue statement of material fact, or any omission or alleged omission to state a material fact required to be stated, in any registration statement, except to the extent such untrue statements or omissions are based solely upon information regarding the relevant Purchaser(s) furnished in writing to the Company by such Purchaser(s) expressly for use therein.

DESCRIPTION OF THE ISSUED SECURITIES

The following is a summary of the material terms and provisions of the Series A Preferred Stock as contained in the Certificate of Designations. While we believe this summary covers the material terms and provisions of the Series A Preferred Stock, we encourage you to read the Certificate of Designations, which is attached hereto as Exhibit A to the Written Consent (Annex A to this Information Statement) and was included as Exhibit 3.1 to the Current Report on Form 8-K filed by the Company on November 16, 2016. For more information about accessing this Current Report on Form 8-K and the other information we file with the SEC, please see Where You Can Find More Information below.

Dividends

Holders of Series A Preferred Stock are entitled to receive cash dividends in an amount equal to the dividend rate of 5.50% of the liquidation preference of \$100.00 per share of Series A Preferred Stock (the liquidation preference). Dividends on the Series A Preferred Stock cumulate quarterly on January 15, April 15, July 15 and October 15 of each year, commencing January 15, 2017, and accumulate from the most recent date dividends were paid, and if no dividends have been paid, from the first date on which the Series A Preferred Stock is issued (the original issue date). Dividends on the Series A Preferred Stock will be paid in cash if the Company has funds legally available for payment and the Board, or an authorized committee thereof, declares a cash dividend payable.

Prior to the 5th anniversary of the original issue date (the mandatory redemption date), unless all accumulated and unpaid dividends on the Series A Preferred Stock have been paid in full or a sum for such amounts has been set aside for payment, the Company may not declare dividends on shares of Common Stock or any other shares of the Company's stock ranking junior or equal to the Series A Preferred Stock and may not purchase, redeem or otherwise acquire such shares, subject to certain customary exceptions.

Ranking

The Series A Preferred Stock ranks senior, as to payment of dividends and distributions of assets upon the liquidation, dissolution or winding up of Company, to the Company's Common Stock and any shares of capital stock of the Company not expressly ranking senior to *opari passu* with the Series A Preferred Stock, and junior to all shares of capital stock of the Company issued in the future, the terms of which expressly provide that such shares will rank senior to the Series A Preferred Stock.

Voting Rights

Holders of Series A Preferred Stock are entitled to vote upon all matters upon which holders of Common Stock have the right to vote, and will be entitled to the number of votes equal to the number of full shares of Common Stock into which such shares of Series A Preferred Stock could be converted at the then applicable conversion rate, at the record date, such votes to be counted together with shares of Common Stock and not separately as a class, except that (i) for so long as any Series A Preferred Stock remains outstanding, the affirmative vote of holders of more than 66 2/3% of the outstanding shares of Series A Preferred Stock will be required to alter or amend the Certificate of Incorporation, the Certificate of Designations, or the Bylaws, if such amendment would alter the rights and preferences of the Series A Preferred Stock so as to adversely affect the holders thereof and (ii) whenever dividends on the Series A Preferred Stock are in arrears for six or more dividend periods, the holders of Series A Preferred Stock (voting with holders of all other classes of preferred stock of the Company whose voting rights are then exercisable) are entitled to vote for the election of two additional directors in the next annual meeting and all subsequent meetings until all accumulated dividends on such Series A Preferred Stock and other voting preferred stock have been paid or set aside. If and when all accumulated dividends have been paid on such Series A Preferred Stock and other voting preferred stock, such rights of such holders of Series A Preferred Stock and other voting preferred stock will immediately cease.

Redemption

Subject to the NJBCA and unless no shares of the Series A Preferred Stock are outstanding, on the mandatory redemption date, the Company will redeem all shares of Series A Preferred Stock at a redemption price equal to the liquidation preference plus accrued and unpaid dividends to, but excluding, the redemption date.

Conversion

Optional Conversion

Each holder of Series A Preferred Stock will have the option at any time to convert any or all of such holder's shares of Series A Preferred Stock at an initial conversion rate of 5.7471 shares of fully paid and non-assessable shares of Common Stock (subject to adjustment as described in the Anti-Dilution Adjustments below) per share of Series A Preferred Stock and a cash payment in lieu of any fractional shares of Common Stock. Prior to the effectiveness of the Actions, shares of Series A Preferred Stock are not convertible, in the aggregate, into more than 19.99% of the shares of Common Stock outstanding on the original issue date, but are freely convertible thereafter.

Mandatory Conversion

The Company has the right at any time after the 2nd anniversary of the original issue date, to cause all outstanding shares of Series A Preferred Stock to be automatically converted into shares of Common Stock using the conversion rate then in effect, with cash payment in lieu of fractional shares, if the closing price per share of Common Stock equals or exceeds 125% of the conversion price using the conversion rate then in effect for at least 45 trading days in a period of 60 consecutive trading days with the last trading day of such 60 day period ending on the trading day immediately preceding the business day on which the Company issues a press release announcing the mandatory conversion. Upon a mandatory conversion, all rights of the holders of Series A Preferred Stock will terminate except for the right to receive the whole shares of Common Stock issuable upon conversion, cash payment in lieu of any fractional shares and a partial payment of any accrued and unpaid dividend. Standard notice provisions as set forth in the Certificate of Designations apply.

Conversion upon a Fundamental Change

If (i) subject to certain exceptions, a person or a group beneficially owns more than 50% of the voting power of the Company (a change of control); (ii) the Company consummates any recapitalization, reclassification of Common Stock or any sale or transfer of all or substantially all of the consolidated assets of the Company and its subsidiaries; (iii) the Common Stock ceases to be listed on the NYSE, NASDAQ Global Select Market or the NASDAQ Global Market; or (iv) our shareholders approve any plan or proposal for the liquidation or dissolution of the Company (each of (i) through (iv), a fundamental change) (provided that any transaction whereby at least 90% of the consideration to be received by holders of Common Stock consists of shares of common stock that are or will be listed on the NYSE, NASDAQ Global Select Market or the NASDAQ Global Market as a result of which the Series A Preferred Stock becomes convertible into such consideration will not be considered a fundamental change), the holders of Series A Preferred Stock will receive for each share of Series A Preferred Stock converted during a specified window either (a) a number of shares of Common Stock equal to the then-applicable conversion rate plus an additional number of shares of Common Stock as determined by reference to a make-whole premium chart specified in the Certificate of Designations or (b) a number of shares of Common Stock equal to the conversion rate increased to equal the sum of the liquidation preference of Series A Preferred Stock plus all accumulated and unpaid dividends to the settlement date of the conversion divided by the market value of the Common Stock (defined as the volume weighted average price of the Common Stock during the 15 consecutive trading day period ending on the date of such conversion); provided that the conversion rate used in clause (b) above will not exceed 10.3448 shares of Common Stock per share of Series A Preferred Stock. In addition to the shares of Common Stock received as described above, each converting holder will have the right to receive a cash payment of all accrued, accumulated and unpaid dividends on such shares of Series A Preferred Stock for all dividend periods prior to the dividend payment date immediately preceding such conversion date as long as the Company is then legally permitted to pay such dividends.

Anti-Dilution Adjustments

The conversion rate of the Series A Preferred Stock is subject to certain anti-dilution adjustments. These anti-dilution adjustments, as described in the Certificate of Designations, will apply if:

- i. the Company exclusively issues shares of Common Stock as a dividend or distribution on all shares of Common Stock, or if the Company effects a share split or share combination;

- ii. the Company distributes to all or substantially all holders of Common Stock any rights or warrants entitling them to purchase or subscribe for shares of Common Stock at a price per share that is less than the average of the closing price per share of Common Stock over the 10 consecutive trading day period ending on the trading day immediately preceding the dividend ex-date as determined by the exchange or market that Common Stock trades on;
- iii. the Company makes distributions to all or substantially all holders of Common Stock consisting of its capital stock, evidence of indebtedness or other assets, excluding dividends or other distributions (including share splits), rights, options or warrants as to which an adjustment is effected in clause (i) or (ii) above or (vi) below and dividends or other distributions covered by (iv) below and subject to certain other exceptions;
- iv. the Company makes any cash dividends or distribution to all or substantially all holders of Common Stock;
- v. the liabilities relating to the remediation of environmental conditions at Eastman Business Park exceed \$99 million and the Company (1) is obligated to make a cash payment in accordance with the Amended and Restated Settlement Agreement, dated as of June 17, 2013 and amended and restated as of August 6, 2013 (and as may be further amended, restated, modified or supplemented from time to time), by and among the Company and the New York State Department of Environmental Conservation and the New York State Urban Development Corporation, or (2) establishes a reserve with respect to an obligation described in the preceding clause, and such cash payment or reserve is greater than or equal to \$5 million; and
- vi. the Company or any of its subsidiaries makes a payment in respect of a tender offer or exchange offer for Common Stock and the cash and other consideration payable under such tender offer or exchange offer exceeds the average closing price per share of Common Stock over 10 consecutive trading days commencing on the trading day immediately following the last day tenders and exchanges may be made.

In addition to the adjustments provided above, to the extent permitted by applicable law and subject to the applicable rules of the NYSE, the Company may (but is not required to) from time to time increase the conversion rate for a period of at least 20 business days or longer if the increase is irrevocable during such period and the Board determines that such increase would be in the Company's best interest.

Reorganization Events

In the event of: (i) any recapitalization, reclassification or change of Common Stock; (ii) any consolidation, merger or combination involving the Company; (iii) any sale, lease or other transfer to a third party of the consolidated assets of the Company and the Company's subsidiaries substantially as an entirety; or (iv) any statutory share exchange, in each case, as a result of which Common Stock is converted into, or exchanged for, stock, other securities or other property (each, referred to as a reorganization event), each share of the Series A Preferred Stock outstanding immediately prior to such reorganization event will become convertible into the kind and amount of securities, cash and other property that a holder of a number of shares of Common Stock equal to the conversion rate per share of the Series A Preferred Stock prior to the reorganization event would have owned or been entitled to receive upon the reorganization event. Upon the occurrence of any reorganization event, holders of Series A Preferred Stock may elect to receive for each share of Series A Preferred Stock shares of Common Stock equal to the conversion rate increased to equal the liquidation preference plus all accumulated and unpaid dividends to the settlement date of the conversion divided by the market value of Common Stock; provided that the conversion rate used will not exceed 10.3448 shares of Common Stock per share of Series A Preferred Stock (subject to adjustment as described in Anti-Dilution Adjustments above). In the event of a reorganization event where (i) the price per share of Common Stock that would have been received by a holder of Series A Preferred Stock upon a reorganization event (using the conversion rate prior to the reorganization event) is below \$14.50 and there is a change of control or (ii) when there is a fundamental change, the Company will have the right to require holders of the Series A Preferred Stock to convert each share of the Series A Preferred Stock outstanding immediately prior to such reorganization event into a number of shares of Common Stock equal to the conversion rate which will be increased to equal the sum of the liquidation preference plus all accumulated and unpaid dividends divided by the market value of Common Stock; provided that such conversion rate will not exceed 20.6897 shares of Common Stock per share of Series A Preferred Stock (subject to adjustment as described in Anti-Dilution Adjustments above).

POSSIBLE EFFECTS OF THE ISSUANCE

Effect on Trading Price

The Issuance may have a positive or negative effect on the trading price of Common Stock.

In connection with the Issuance, we entered into the Registration Rights Agreement. The Registration Rights Agreement provides for customary registration rights, including shelf registration rights. These registration rights will facilitate the resale of shares of Series A Preferred Stock and Common Stock into the public market and, if the Purchasers convert and sell shares, increase the number of shares of Common Stock available for public trading. The potential that the Purchasers would resell the shares of Series A Preferred Stock or Common Stock on an as-converted basis could create a market overhang that could exert downward pressure on the trading price of the Common Stock.

However, as noted above, the Company used the net proceeds from the Issuance, together with cash on hand, to prepay all of the outstanding loans under the Company's Second Lien Credit Agreement. This immediately reduced cash payable for interest, improving cash flow for the Company, which may have a positive effect on the trading price of Common Stock.

Dilution

The Series A Preferred Stock is convertible into shares of Common Stock (as described above under Description of the Issued Securities Conversion). As a result of the conversion of any issued and outstanding Series A Preferred Stock, our existing shareholders will own a smaller percentage of our outstanding Common Stock. Based on the capitalization of the Company as of November 7, 2016, and the initial conversion rate of 5.7471 shares of Common Stock per share of Series A Preferred Stock, the conversion of all shares of Series A Preferred Stock would result in the holders thereof owning approximately 21% of our outstanding Common Stock after giving effect to such conversion. This would amount to a dilution of approximately 21% to existing holders of Common Stock. Further, additional shares of Common Stock may be issuable pursuant to certain other features of the Series A Preferred Stock, with such issuances being further dilutive to existing holders of Common Stock.

If Series A Preferred Stock is converted into Common Stock, holders of such converted Common Stock will be entitled to the same dividend and distribution rights as holders of the Common Stock currently authorized and outstanding. As such, another dilutive effect resulting from the conversion of any issued and outstanding shares of Series A Preferred Stock will be a dilution to dividends and distributions. For more information, see Description of the Issued Securities above.

Concentration of Ownership in the Purchasers and Board Nominations

The Purchasers are entitled to vote upon all matters upon which holders of Common Stock have the right to vote and are entitled to the number of votes equal to the number of full shares of Common Stock into which such shares of Series A Preferred Stock could be converted at the then applicable conversion rate (subject to the Conversion Cap, if applicable). Accordingly, following the 20 calendar day period from the mailing of this Information Statement, the Purchasers will hold approximately 21% of the voting power of the Company on an as-converted basis. As a result, following the Issuance, the Purchasers may have the ability to influence future actions by the Company requiring shareholder approval.

Further, the Purchase Agreement provides that the Purchasers, beginning at the first annual meeting of shareholders of the Company following the Closing and for as long as the Purchasers hold any shares of Series A Preferred Stock, shall be entitled to nominate for election (collectively and not individually) at the Company's annual meeting of shareholders a number of directors to the Board commensurate with their ownership percentage of Common Stock on an as-converted basis. Accordingly, it is expected that the Purchasers will be able to nominate two directors to the Board at the Company's next annual meeting of shareholders, assuming the Purchasers retain ownership of their shares of Series A Preferred Stock. The Purchase Agreement also provides the Purchasers (collectively and not individually) the right to fill vacancies on the Board created by a designee of the Purchasers ceasing to serve on the Board. The nomination and other rights regarding the Board granted to the Purchasers pursuant to the terms of the Purchase Agreement are not transferrable to any other person. Also, whenever dividends on the Series A Preferred Stock are in arrears for six or more dividend periods, the holders of Series A Preferred Stock (voting with holders of all other classes of preferred stock of the Company whose voting rights are then exercisable) are entitled to vote for the election of two additional directors at the Company's next annual meeting and all subsequent meetings until all accumulated dividends on such Series A Preferred Stock and other voting preferred stock have been paid or set aside (during which time the number of directors that the Purchasers are entitled to nominate under the Purchase Agreement will be reduced by two). As a result, the potential presence of directors on the Board nominated by the Purchasers or elected by the holders of Series A Preferred Stock would enable the Purchasers or the holders of Series A Preferred Stock to influence the composition of the Board and, in turn, potentially influence and impact future actions taken by the Board.

Rights of Investors

The rights and privileges associated with the Common Stock issued upon conversion of any issued and outstanding Series A Preferred Stock (and any additional shares of Common Stock that are issued pursuant to the terms of the Series A Preferred Stock) will be identical to the rights and privileges associated with the Common Stock held by our existing holders of Common Stock, including voting rights. Upon completion of any conversion, all rights with respect to any issued Series A Preferred Stock will terminate, and all shares of Series A Preferred Stock will be cancelled and no further dividends will accrue thereon.

Reservation of Common Stock for Issuance

Holders of Common Stock will not realize any dilution in their ownership or voting rights solely as a result of the reservation of any shares of Common Stock for issuance upon conversion of the Series A Preferred Stock or for issuance of additional shares of Common Stock pursuant to certain other features of the Series A Preferred Stock or any increase in authorized shares of Common Stock due to the Issuance, but will experience dilution to the extent additional shares of Common Stock are issued in the future as described above.

VOTE REQUIRED AND INFORMATION ON VOTING SHAREHOLDERS

As of the date of the Written Consent and the Record Date, the Company had 42,359,022 shares of Common Stock issued and outstanding and entitled to vote, which are entitled to one vote per share. On November 7, 2016, the following Voting Shareholders owning a total of 21,681,459 shares of Common Stock, which represented approximately 51% of the total number of voting shares outstanding on the Record Date, executed and delivered the Written Consent. The Voting Shareholders' names, beneficial holder and affiliation, and holdings are as follows:

Name	Beneficial Holder and Affiliation	Number of Voting Shares	Percent of Total Voting Shares
GSO SPECIAL SITUATIONS MASTER FUND LIMITED PARTNERSHIP	Blackstone Holdings I L.P., et al ⁽¹⁾ c/o The Blackstone Group L.P. 345 Park Avenue New York, New York 10154	6,103,867	14.4 %
GSO CREDIT-A PARTNERS LP	Blackstone Holdings I L.P., et al ⁽¹⁾ c/o The Blackstone Group L.P. 345 Park Avenue New York, New York 10154	1,226,470	2.9 %
GSO PALMETTO OPPORTUNISTIC INVESTMENT PARTNERS LP	Blackstone Holdings I L.P., et al ⁽¹⁾ c/o The Blackstone Group L.P. 345 Park Avenue New York, New York 10154	986,236	2.3 %
GSO CACTUS CREDIT OPPORTUNITIES FUND LP	Blackstone Holdings I L.P., et al ⁽¹⁾ c/o The Blackstone Group L.P. 345 Park Avenue New York, New York 10154	171,471	0.4 %
BLUEMOUNTAIN CREDIT ALTERNATIVES MASTER FUND LP	BlueMountain Capital Management, LLC, et al ⁽²⁾ 280 Park Avenue, 12th Floor New York, New York 10017	2,991,266	7.1 %
BLUEMOUNTAIN CREDIT OPPORTUNITIES MASTER FUND I LP	BlueMountain Capital Management, LLC, et al ⁽²⁾ 280 Park Avenue, 12th Floor New York, New York 10017	1,907,698	4.5 %
BLUEMOUNTAIN MONTENVERS MASTER FUND SCA SICAV-SIF	BlueMountain Capital Management, LLC, et al ⁽²⁾ 280 Park Avenue, 12th Floor New York, New York 10017	677,792	1.6 %
BLUE MOUNTAIN SUMMIT TRADING LP	BlueMountain Capital Management, LLC, et al ⁽²⁾ 280 Park Avenue, 12th Floor New York, New York 10017	485,690	1.2 %
BLUEMOUNTAIN DISTRESSED MASTER FUND LP	BlueMountain Capital Management, LLC, et al ⁽²⁾ 280 Park Avenue, 12th Floor New York, New York 10017	353,537	0.8 %
BLUEMOUNTAIN TIMBERLINE LTD	BlueMountain Capital Management, LLC, et al ⁽²⁾ 280 Park Avenue, 12th Floor New York, New York 10017	325,159	0.8 %

Name	Beneficial Holder and Affiliation
BLUEMOUNTAIN STRATEGIC CREDIT MASTER FUND LP	BlueMountain Capital Management, LLC, et al ⁽²⁾ 280 Park Avenue, 12th Floor New York, New York 10017
BLUEMOUNTAIN KICKING HORSE FUND LP	BlueMountain Capital Management, LLC, et al ⁽²⁾

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The selected financial and other data below should be read in conjunction with our Management's Discussion and Analysis.

Income statement data:

Total investment income
Total expenses
Net investment income
Net realized gain (loss) from investments
Net unrealized appreciation (depreciation) on investments
Net increase (decrease) in net assets resulting from operations

Other data:

Weighted average annualized yield on income producing investments(1)(3)
Number of portfolio companies at period end

Balance sheet data:

Total investment portfolio
Total cash and cash equivalents
Total assets
Net assets

Per unit data:

Net asset value per unit(2)

- (1)
- (2)
- (3)

Throughout this document, the weighted average yield is based on the yield of the investments.
Based on 81,702,847 units of Solar Capital Shares.
Unaudited.

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Before you invest in our common stock, you should be aware of various risks, including those described below. You should

Risks Related to Our Investments

We operate in a highly competitive market for investment opportunities.

A number of entities compete with us to make the types of investments that we target in leveraged companies. We compete

We do not seek to compete primarily based on the interest rates we will offer, and we believe that some of our competitors

Our investments may be risky, and you could lose all or part of your investment in us.

We invest primarily in senior secured term loans, mezzanine debt and select equity investments issued by leveraged companies

Senior Secured Loans. When we make a senior secured term loan investment in a portfolio company, we generally take

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Mezzanine Loans. Our mezzanine debt investments are generally subordinated to senior loans and are generally unsecured.

Equity Investments. When we invest in senior secured loans or mezzanine loans, we may acquire equity securities as well.

In addition, investing in middle-market companies involves a number of significant risks, including:

The lack of liquidity in our investments may adversely affect our business.

We generally make investments in private companies. Substantially all of these securities are subject to legal and other risks.

We have not yet identified all of the portfolio company investments we will acquire using the proceeds of this offering.

While we currently hold a portfolio of investments, we have not yet identified all of the additional potential investments.

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Our portfolio may be concentrated in a limited number of portfolio companies and industries, which will subject us to

Our portfolio may be concentrated in a limited number of portfolio companies and industries. Beyond the asset diversification

We are currently in a period of capital markets disruption and recession and we do not expect these conditions to improve

The U.S. capital markets have been experiencing extreme volatility and disruption for more than 18 months and we believe

The current economic recession could impair our portfolio companies and harm our operating results.

Many of our portfolio companies may be susceptible to the current recession and may be unable to repay our loans during

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to default

Price declines and illiquidity in the corporate debt markets have adversely affected, and may continue to adversely affect

As a business development company, we are required to carry our investments at market value or, if no market value is available

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Our failure to make follow-on investments in our portfolio companies could impair the value of our portfolio.

Following an initial investment in a portfolio company, we may make additional investments in that portfolio company a

Because we generally do not hold controlling equity interests in our portfolio companies, we may not be in a position

Although we may do so in the future, we do not currently hold controlling equity positions in our portfolio companies. A

An investment strategy focused primarily on privately held companies presents certain challenges, including the lack

We invest primarily in privately held companies. Generally, little public information exists about these companies, and v

Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies.

We invest primarily in senior secured loans, mezzanine loans and equity securities issued by our portfolio companies. O

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equally with debt securities in which we invest, we would have to share on an equal basis any distributions with other cr

Our investments in foreign securities may involve significant risks in addition to the risks inherent in U.S. investments

Our investment strategy contemplates potential investments in debt securities of foreign companies. Investing in foreign

Although most of our investments will be U.S. dollar-denominated, any investments denominated in a foreign currency

We may expose ourselves to risks if we engage in hedging transactions.

If we engage in hedging transactions, we may expose ourselves to risks associated with such transactions. We may utiliz

The success of our hedging transactions will depend on our ability to correctly predict movements in currencies and inte

Our investment adviser may not be able to achieve the same or similar returns as those achieved by our senior invest

Although in the past Mr. Gross held senior positions at a number of investment firms, including Apollo Investment Corp

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necessarily indicative of future results that will be achieved by our investment adviser. In his role at such other firms, M

Risks Relating to This Offering

Prior to our initial public offering, there will be no public market for our common stock, and we cannot assure you th

Before our initial public offering, there will be no public trading market for our common stock, and we cannot assure yo

Our common stock price may be volatile and may decrease substantially.

The trading price of our common stock may fluctuate substantially. The price of our common stock that will prevail in th

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In the past, following periods of volatility in the market price of a company's securities, securities class action litigation

We cannot assure you that we will be able to successfully deploy the proceeds of our initial public offering within the

We currently anticipate that substantially all of the net proceeds of our initial public offering will be invested in accordance

There is a risk that our stockholders may not receive distributions or that our distributions may not grow over time.

We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. We

We will have broad discretion over the use of proceeds of our initial public offering and will use proceeds in part to

We will have significant flexibility in applying the proceeds of our initial public offering and may use the net proceeds for

Investors in our initial public offering will incur dilution.

Assuming an initial offering price of \$ per share (the mid-point of the estimated initial public offering price range)

Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price

As a result of agreements we previously entered into with the LLC Holders who purchased units in the initial private pla

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46.7 million shares that will be held by such LLC Holders subsequent to consummation of this offering and the completion of the offering.

Risks Relating to Our Business and Structure

We have a limited operating history.

We were formed in February 2007 and commenced operations in March 2007. As a result of our limited operating history, we have not yet established a track record.

We are dependent upon Solar Capital Partners' key personnel for our future success.

We depend on the diligence, skill and network of business contacts of Messrs. Gross and Spohler, who serve as the managing members of Solar Capital Partners.

The senior investment professionals of Solar Capital Partners are and may in the future become affiliated with entities engaged in similar businesses.

An extended continuation of the disruption in the capital markets and the credit markets could negatively affect our business.

As a business development company, we must maintain our ability to raise additional capital for investment purposes. We may not be able to raise additional capital on favorable terms, or at all.

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If the fair value of our assets declines substantially, we may fail to maintain the asset coverage ratios imposed upon us by

If we are unable to renew or replace such facilities and consummate new facilities on commercially reasonable terms, our

Our financial condition and results of operations will depend on our ability to manage future growth effectively.

Our ability to achieve our investment objective and to grow depends on Solar Capital Partners' ability to identify, invest

Accomplishing this result on a cost-effective basis is largely a function of Solar Capital Partners' structuring of the invest

Any failure on our part to maintain our status as a business development company would reduce our operating flexibi

We intend to qualify as a business development company under the 1940 Act prior to consummation of this offering. Th

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Regulations governing our operation as a business development company affect our ability to, and the way in which

We may issue debt securities or preferred stock and/or borrow money from banks or other financial institutions, which v

We are not generally able to issue and sell our common stock at a price below net asset value per share. We may, howev

We may borrow money, which would magnify the potential for gain or loss on amounts invested and may increase th

The use of leverage magnifies the potential for gain or loss on amounts invested and, therefore, increase the risks associ

As a business development company, we generally are required to meet a coverage ratio of total assets to total borrowin

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may issue in the future, of at least 200%. If this ratio declines below 200%, we may not be able to incur additional debt a

In addition, any debt facility into which we may enter would likely impose financial and operating covenants that restric

As of March 31, 2009, we had \$13 million outstanding and \$187 million remaining available to us under our revolving c

To the extent we use debt to finance our investments, changes in interest rates may affect our cost of capital and net i

To the extent we borrow money to make investments, our net investment income will depend, in part, upon the differen

You should also be aware that a rise in the general level of interest rates can be expected to lead to higher interest rates a

As of March 31, 2009, we had \$13 million outstanding and \$187 million remaining available to us under our revolving c

There may be uncertainty as to the value of our portfolio investments.

A large percentage of our portfolio investments are in the form of securities that are not publicly traded. The fair value o

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In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Sta

We may experience fluctuations in our quarterly results.

We could experience fluctuations in our quarterly operating results due to a number of factors, including the interest rate

There are significant potential conflicts of interest which could impact our investment returns.

Our executive officers and directors, as well as the current and future partners of our investment adviser, Solar Capital P

Affiliates of Solar Capital Partners also manage other funds that may have investment mandates that are similar, in whol

If our investment adviser forms other affiliates in the future, we may co-invest on a concurrent basis with such other affi

In the course of our investing activities, we pay management and incentive fees to Solar Capital Partners and reimburse

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We have entered into a royalty-free license agreement with our investment adviser, pursuant to which our investment ad

Our relationship with Magnetar may create conflicts of interest.

Since July 2006, Mr. Gross has been a senior partner in Magnetar Capital Partners LP, a multi-strategy investment mana

Our incentive fee may induce Solar Capital Partners to pursue speculative investments.

The incentive fee payable by us to Solar Capital Partners may create an incentive for Solar Capital Partners to pursue inv

The incentive fee payable by us to our investment adviser also may induce Solar Capital Partners to invest on our behalf

We may invest, to the extent permitted by law, in the securities and instruments of other investment companies, includin

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We will become subject to corporate-level income tax if we are unable to qualify as a regulated investment company u

Although we intend to elect to be treated as a RIC under Subchapter M of the Code for 2009 and succeeding tax years, n

If we fail to qualify for RIC tax treatment for any reason and remain or become subject to corporate income tax, the resu

We may have difficulty satisfying the annual distribution requirement in order to qualify and maintain RIC status if v

For federal income tax purposes, we will include in income certain amounts that we have not yet received in cash, such a

Because in certain cases we may recognize income before or without receiving cash representing such income, we may l

Our board of directors is authorized to reclassify any unissued shares of common stock into one or more classes of pr

Under Maryland General Corporation Law and our charter, our board of directors is authorized to classify and reclassify

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which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a

Provisions of the Maryland General Corporation Law and of our charter and bylaws could deter takeover attempts and

The Maryland General Corporation Law and our charter and bylaws contain provisions that may discourage, delay or ma

We have also adopted measures that may make it difficult for a third party to obtain control of us, including provisions o

Our board of directors may change our investment objective, operating policies and strategies without prior notice or

Our board of directors has the authority to modify or waive certain of our operating policies and strategies without prior

Changes in laws or regulations governing our operations may adversely affect our business.

We and our portfolio companies are subject to regulation by laws at the local, state and federal levels. These laws and re

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Our investment adviser can resign on 60 days' notice, and we may not be able to find a suitable replacement within t

Our investment adviser has the right, under the Investment Advisory and Management Agreement, to resign at any time

We will incur significant costs as a result of being a publicly traded company.

As a publicly traded company, we will incur legal, accounting and other expenses, including costs associated with the p

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This prospectus contains forward-looking statements that involve substantial risks and uncertainties. These forward-look