Solar Senior Capital Ltd.
Form 497
January 16, 2013

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Filed pursuant to Rule 497
Registration No. 333-179433

PROSPECTUS SUPPLEMENT

(to Prospectus dated May 17, 2012)

2,000,000 Shares

Solar Senior Capital Ltd.

Common Stock

$18.85 per share

We are an externally managed finance company. Our investment objective is to seek to maximize current income consistent with the preservation of capital. We seek to achieve our investment objective by investing primarily in senior secured loans, including first lien, unitranche, and second lien debt instruments, made to private middle-market companies whose debt is rated below investment grade, which we refer to collectively as senior loans. We may also invest in debt of public companies that are thinly traded. Under normal market conditions, at least 80% of the value of our net assets (including the amount of any borrowings for investment purposes) is invested in senior loans. Securities rated below investment grade, including the senior loans we target, are often referred to as leveraged loans, high yield or junk securities, and may be considered high risk compared to debt instruments that are rated above investment grade.

We were formed in December 2010 as a Maryland corporation structured as an externally managed, non-diversified closed-end management investment company. We have elected to be treated as a business development company under the Investment Company Act of 1940, or the 1940 Act. We are managed by Solar Capital Partners, LLC. Solar Capital Management, LLC provides the administrative services necessary for us to operate.

The underwriters have agreed to purchase 2,000,000 shares from the Company. We have granted the underwriters an option to purchase up to 300,000 additional shares of our common stock.

Our common stock is listed on the NASDAQ Global Select Market under the symbol SUNS. On January 11, 2013, the last reported sales price on the NASDAQ Global Select Market for our common stock was $19.42 per share.

This prospectus supplement and the accompanying prospectus contain important information about us that a prospective investor should know before investing in our common stock. Please read this prospectus supplement and the accompanying prospectus before investing and keep it for future reference. We are required to file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission. This information is available free of charge by contacting us by mail at 500 Park Avenue, New York, NY 10022, by telephone at (212) 993-1670 or on our website at *http://www.solarseniorcap.com*. The Securities and Exchange Commission also maintains a website at *http://www.sec.gov* that contains such information. Information contained on our website is not incorporated by reference into this prospectus supplement and the accompanying prospectus, and you should not consider that information to be part of this prospectus supplement and the accompanying prospectus.

An investment in our common stock is very risky and highly speculative. Shares of closed-end investment companies, including business development companies, frequently trade at a discount to their net asset value. In addition, the companies in which we invest are subject to special risks. See Risk Factors beginning on page 17 of the accompanying prospectus to read about factors you should consider, including the risk of leverage, before investing in our common stock.

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

	Per Share	Total(1)
Public Offering Price	$ 18.85	$ 37,700,000
Underwriting Discount	$ 0.25	$ 500,000
Proceeds to Solar Senior Capital Ltd.	$ 18.60	$ 37,200,000

(1) We have granted the underwriters a 30-day option, which we refer to as the over-allotment option, to purchase up to an additional 300,000 shares of our common stock at the public offering price, less underwriting discounts. If the over-allotment option is exercised in full, the total public offering price will be $43,355,000, the total underwriting discount will be $575,000, and total proceeds to Solar Senior Capital Ltd. will be $42,780,000.

The underwriters expect to deliver the shares on or about January 18, 2013 through the book-entry facilities of The Depository Trust Company.

Lead Book-Running Manager

Citigroup

Book-Running Manager

RBC Capital Markets

Co-Managers

JMP Securities **Ladenburg Thalmann & Co. Inc.**

January 14, 2013

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PROSPECTUS SUPPLEMENT

PROSPECTUS

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ABOUT THIS PROSPECTUS SUPPLEMENT

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information from that contained in this prospectus supplement or the accompanying prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or a solicitation of an offer to buy, any shares of our common stock by any person in any jurisdiction where it is unlawful for that person to make such an offer or solicitation or to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation. The information contained in this prospectus supplement and the accompanying prospectus is complete and accurate only as of their respective dates, regardless of the time of their delivery or sale of our common stock. This prospectus supplement supersedes the accompanying prospectus to the extent it contains information different from or additional to the information in that prospectus.

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

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SUMMARY

This summary highlights some of the information in this prospectus supplement and the accompanying prospectus. It is not complete and may not contain all of the information that you may want to consider. You should read carefully the more detailed information set forth under Risk Factors in the accompanying prospectus and the other information included in this prospectus supplement and the accompanying prospectus and the documents to which we have referred you.

Except where the context suggests otherwise, the terms we, us, our and Solar Senior Capital refer to Solar Senior Capital Ltd. In addition, the terms Solar Capital Partners and the investment adviser refer to Solar Capital Partners, LLC, and Solar Capital Management and the administrator refer to Solar Capital Management, LLC.

In this prospectus supplement, we use the term leveraged to refer to companies of any size with non-investment grade debt outstanding or, if not explicitly rated, those which we believe would be rated as non-investment grade based on their leverage levels and other terms. In addition, we use the term middle-market to refer to companies with annual revenues between $50 million and $1 billion. We also use the term unitranche to refer to debt instruments that combine both senior and subordinated debt into one debt instrument. Unitranche debt instruments typically pay a higher rate of interest than traditional senior debt instruments, but also pose greater risk associated with a lesser amount of asset coverage.

Solar Senior Capital

Solar Senior Capital, a Maryland corporation formed in December 2010, is a closed-end, externally managed, non-diversified management investment company that has elected to be treated as a business development company (BDC) under the Investment Company Act of 1940, as amended (the 1940 Act). In addition, for tax purposes we have elected to be treated as a regulated investment company (RIC) under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code).

On February 24, 2011, we priced our initial public offering, selling 9.0 million shares of our common stock, including the underwriters over-allotment, at a price of $20.00 per share. Concurrent with that offering, management purchased an additional 500,000 shares of our common stock through a private placement transaction exempt from registration under the Securities Act of 1933, as amended, or the Securities Act (the Concurrent Private Placement), also at $20.00 per share.

We invest primarily in U.S. middle-market companies, where we believe the supply of primary capital is limited and the investment opportunities are most attractive. Our investment objective is to seek to maximize current income consistent with the preservation of capital. We seek to achieve our investment objective by investing primarily in senior loans, including first lien, unitranche, and second lien debt instruments, made to private middle-market companies whose debt is rated below investment grade, which we refer to collectively as senior loans. We may also invest in debt of public companies that are thinly traded. Under normal market conditions, at least 80% of the value of our net assets (including the amount of any borrowings for investment purposes) is invested in senior loans. Senior loans typically pay interest at rates which are determined periodically on the basis of a floating base lending rate, primarily LIBOR, plus a premium. Senior loans in which we invest are typically made to U.S. and, to a limited extent, non-U.S. corporations, partnerships and other business entities which operate in various industries and geographical regions. Senior loans typically are rated below investment grade. Securities rated below investment grade are often referred to as leveraged loans, high yield or junk securities, and may be considered high risk compared to debt instruments that are rated above investment grade.

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We invest in senior loans made primarily to private leveraged middle market companies with approximately $20 million to $60 million of EBITDA. Our business model is focused primarily on the direct origination of investments through portfolio companies or their financial sponsors. Our investments generally range between $5 million and $30 million each, although this investment size will vary proportionately with the size of our capital base. In addition, we may invest a portion of our portfolio in other types of investments, which we refer to as opportunistic investments, which are not our primary focus but are intended to enhance our overall returns. These opportunistic investments may include, but are not limited to, direct investments in public companies that are not thinly traded and securities of leveraged companies located in select countries outside of the United States. We may invest up to 30% of our total assets in such opportunistic investments, including senior loans issued by non-U.S. issuers, subject to compliance with our regulatory obligations as a BDC under the 1940 Act. We are managed by Solar Capital Partners. Solar Capital Management provides the administrative services necessary for us to operate.

On August 26, 2011, we established a $200 million senior secured revolving credit facility (the Credit Facility) with Citigroup Global Markets Inc. acting as administrative agent. In connection with the Credit Facility, our wholly-owned subsidiary, SUNS SPV LLC (the SPV) was formed. In November 2012, we amended the Credit Facility and, as amended, the Credit Facility matures on November 1, 2017 and generally bears interest at a rate of LIBOR plus 2.00%. Under the Credit Facility, $150 million is available initially with an additional $50 million available as a delayed draw. The Credit Facility can also be expanded up to $600 million. The Credit Facility is secured by all of the assets held by the SPV. Under the Credit Facility, Solar Senior Capital and the SPV, as applicable, have made certain customary representations and warranties, and are required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. The Credit Facility includes usual and customary events of default for credit facilities of this nature. As of December 31, 2012, we had $39.1 million of outstanding borrowings under the Credit Facility.

As of September 30, 2012, our long-term investments totaled approximately $235.0 million and our net asset value was $176.7 million. Our portfolio was comprised of debt investments in 31 portfolio companies and our income producing assets, which represented 100% of our total portfolio, had a weighted average annualized yield on a fair value basis of approximately 8.1%.

Recent Developments

Dividends

On November 1, 2012, we declared a dividend of $0.1175 per share, that was paid on December 4, 2012 to stockholders of record on November 22, 2012. On December 6, 2012, we declared a dividend of $0.1175 per share, that was paid on January 3, 2013 to stockholders of record on December 20, 2012. On January 8, 2013 we declared a dividend of $0.1175 per share, to be paid on February 1, 2013 to stockholders of record on January 24, 2013. We expect dividends to be paid from taxable earnings with specific tax characteristics reported to stockholders after the end of the calendar year.

Credit Facility Amendment

On November 7, 2012, we amended our $200 million Credit Facility. As a result of the amendment, the stated interest rate on the Credit Facility was reduced to LIBOR plus 2.00% from LIBOR plus 2.25%, and the Credit Facility continues to have no LIBOR floor requirement. In addition, the amendment reduced certain non-usage fees. The amendment also provided us greater flexibility and extended the final maturity date to November 1, 2017.

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About Solar Capital Partners

Solar Capital Partners, our investment adviser, is controlled and led by Michael S. Gross, our chairman and chief executive officer, and Bruce Spohler, our chief operating officer. They are supported by a team of dedicated investment professionals, including senior team members Brian Gerson, Cedric Henley, David Mait and Suhail Shaikh. We refer to Messrs. Gross, Spohler, Gerson, Henley, Mait and Shaikh as Solar Capital Partners senior investment professionals. Solar Capital Partners investment team has extensive experience in the private equity and leveraged lending industries, as well as significant contacts with financial sponsors operating in those industries.

In addition, Solar Capital Partners presently serves as investment adviser to Solar Capital Ltd., or Solar Capital, a publicly traded business development company with approximately $1.5 billion of investable capital as of September 30, 2012, which invests in mezzanine debt and equity securities of leveraged middle market companies similar to those we target for investment. The investment team led by Messrs. Gross and Spohler has invested in approximately 110 different portfolio companies for Solar Capital and Solar Senior Capital, collectively, which investments involved an aggregate of approximately 90 different financial sponsors, through September 30, 2012. Since Solar Capital s inception, these investment professionals have used their relationships in the middle-market financial sponsor and financial intermediary community to generate deal flow. As of January 11, 2013, Mr. Gross and Mr. Spohler beneficially owned, either directly or indirectly, approximately 7.5% and 5.3%, respectively, of our outstanding common stock.

Mr. Gross has 25 years of experience in the private equity, distressed debt and mezzanine lending businesses and has been involved in originating, structuring, negotiating, consummating and managing private equity, distressed debt and mezzanine lending transactions. We also rely on the 25 years of experience of Mr. Spohler, who has served as our chief operating officer and a partner of Solar Capital Partners since its inception. In addition to Messrs. Gross and Spohler, Solar Capital Partners senior investment professionals include Messrs. Gerson, Henley, Mait and Shaikh, each of whom has extensive experience in originating, evaluating and structuring investments in the types of middle-market companies we currently target.

Solar Capital Partners senior investment professionals have been active participants in the primary and secondary leveraged credit markets throughout their careers. They have effectively managed portfolios of distressed and mezzanine debt as well as other investment types. The depth of their experience and credit market expertise has led them through various stages of the economic cycle as well as several market disruptions.

Market Opportunity

Solar Senior Capital invests primarily in senior loans of private middle-market leveraged companies organized and located in the United States. We believe that the size of this market, coupled with leveraged companies need for flexible sources of capital at attractive terms and rates, creates an attractive investment environment for us. See Business Market Opportunity in the accompanying prospectus.

Middle-market companies have faced increasing difficulty in accessing the capital markets. While many middle-market companies were formerly able to raise funds by issuing high-yield bonds, we believe this approach to financing has become more difficult in recent years as institutional investors have sought to invest in larger, more liquid offerings. In addition, many private finance companies that historically financed their lending and investing activities through securitization transactions have lost that source of funding and reduced lending significantly. Moreover, consolidation and the illiquid nature of investments have resulted in fewer middle-market lenders and market participants.

There is a large pool of uninvested private equity capital likely to seek additional senior debt capital to support their investments. There is currently over $500 billion of uninvested private equity seeking debt

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financing to support acquisitions. We expect that middle-market private equity firms will continue to invest the over $185 billion raised since 2000 in middle-market companies and that those private equity firms will seek to support their investments with senior loans from other sources such as Solar Senior Capital. Additionally, over $17.4 billion was raised by middle-market sponsors during 2011, which we believe demonstrates the continued appetite for middle-market acquisitions that will require senior debt financing.

The significant amount of leveraged loans maturing through 2018 should provide additional demand for senior debt capital. A high volume of financings were completed between the years 2004 and 2007, which are expected to mature over the next few years. We believe that this supply of prospective lending opportunities coupled with a lack of available credit in the middle-market lending space may offer attractive risk-adjusted returns to investors.

Investing in private middle-market senior secured debt provides an attractive risk reward profile. In general, terms for illiquid, middle-market subordinated debt have been more attractive than those for larger corporations which are typically more liquid. We believe this is because fewer institutions are able to invest in illiquid asset classes. In 2011, on average, the total debt to EBITDA ratio for middle-market leveraged buyouts (LBOs) was 4.3x, versus 5.4x for large capitalization LBOs. This reduced leverage provides further cushion for borrowers to meet debt service obligations.

Therefore, we believe that there is an opportunity to invest in senior loans of leveraged companies and that we are well positioned to serve this market.

Competitive Advantages and Strategy

We believe that we have the following competitive advantages over other providers of financing to leveraged companies. See Business Competitive Advantages and Strategy in the accompanying prospectus.

Management Expertise

As managing partner, Mr. Gross has principal management responsibility for Solar Capital Partners, to which he currently dedicates substantially all of his time. Mr. Gross has 25 years of experience in leveraged finance, private equity and distressed debt investing. Mr. Spohler, our chief operating officer and a partner of Solar Capital Partners, has 25 years of experience in evaluating and executing leverage finance transactions. We believe that Messrs. Gross and Spohler have developed a strong reputation in the capital markets, and that this experience provides us with a competitive advantage in identifying and investing in leveraged companies with the potential to generate returns.

In addition to Messrs. Gross and Spohler, Solar Capital Partners senior investment professionals Messrs. Gerson, Henley, Mait and Shaikh, each of whom has extensive experience in originating, evaluating and structuring investments in the types of middle-market companies we currently target. Solar Capital Partners senior investment professionals have an average of over 20 years of experience in the private equity and leveraged lending industries.

Investment Portfolio

Our portfolio investments consist of portfolio companies that have strong cash flows and have maintained financial and operating performance despite the recent economic climate. As of September 30, 2012, 100% of our total portfolio value of income producing assets, measured at fair value, was comprised of performing assets. The majority of our assets have been seasoned, which has allowed us to gain a solid understanding of our borrowers and the industries in which they compete.

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Proprietary Sourcing and Origination

We believe that Solar Capital Partners senior investment professionals longstanding relationships with financial sponsors, commercial and investment banks, management teams and other financial intermediaries provide us with a strong pipeline of proprietary origination opportunities. We believe the broad expertise of Solar Capital Partners senior investment professionals and their ability to draw upon their average of over 20 years of investment experience enable us to identify, assess and structure investments successfully. We expect to continue leveraging the over 100 relationships with middle-market sponsors that Solar Capital Partners investment team established while sourcing and originating investments for Solar Capital, which will give us access to deals that are not available through large syndication processes.

Since its inception, Solar Capital Partners has sourced investments in approximately 110 different portfolio companies for Solar Capital and Solar Senior Capital, collectively, which investments involved an aggregate of approximately 90 different financial sponsors, through September 30, 2012.

Versatile Transaction Structuring and Flexibility of Capital

We believe Solar Capital Partners senior investment team s broad expertise and ability to draw upon its extensive experience enable us to identify, assess and structure investments successfully and to manage potential risk and return at all stages of the economic cycle. While we are subject to significant regulation as a BDC, we are not subject to many of the regulatory limitations that govern traditional lending institutions such as banks. As a result, we believe that we can be more flexible than such lending institutions in selecting and structuring investments, adjusting investment criteria and building transaction structures. We believe financial sponsors, management teams and investment banks see this flexibility as a benefit, making us an attractive financing partner.

Emphasis on Achieving Strong Risk-Adjusted Returns

Solar Capital Partners uses a disciplined investment and risk management process that emphasizes a rigorous fundamental research and analysis framework. Solar Capital Partners seeks to build our portfolio on a bottom-up basis, choosing and sizing individual positions based on their relative risk/reward profiles as a function of the associated downside risk, volatility, correlation with the existing portfolio and liquidity. At the same time, Solar Capital Partners takes into consideration a variety of factors in managing our portfolio and imposes portfolio-based risk constraints promoting a more diverse portfolio of investments and limiting issuer and industry concentration. Our value-oriented investment philosophy focuses on preserving capital and ensuring that our investments have an appropriate return profile in relation to risk. When market conditions make it difficult for us to invest according to our criteria, we are highly selective in deploying our capital. We do not pursue short-term origination targets. We believe this approach enables us to build an attractive investment portfolio that meets our return and value criteria over the long term.

We believe it is critical to conduct extensive due diligence on investment targets. In evaluating new investments we, through Solar Capital Partners, conduct a rigorous due diligence process that draws upon the investment experience, industry expertise and network of contacts of our senior investment professionals, as well as the other members of our investment team.

Deep Industry Focus with Substantial Information Flow

We concentrate our investing activities in industries characterized by strong cash flow and in which Solar Capital Partners investment professionals have deep investment experience. During his time with the Apollo entities, Mr. Gross oversaw investments in over 200 companies in 20 industries. As a result of their investment experience, Messrs. Gross and Spohler, together with Solar Capital Partners other senior investment professionals, have long-term relationships with management consultants and management teams in the industries we target, as well as substantial information concerning those industries.

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Longer Investment Horizon

Unlike private equity and venture capital funds, we are not subject to standard periodic capital return requirements. Such requirements typically stipulate that the capital of these funds, together with any capital gains on such invested funds, can only be invested once and must be returned to investors after a pre-agreed time period. We believe that our flexibility to make investments with a long-term view and without the capital return requirements of traditional private investment vehicles enables us to invest in private middle-market senior debt, which we believe provides a more attractive risk-return profile than the liquid senior debt market for larger companies. We also believe our longer investment horizon enables us to be a better long-term partner for our portfolio companies.

Investment Strategy

Solar Senior Capital seeks to create a diverse portfolio of senior loans by investing approximately $5 million to $30 million of capital, on average, in the securities of leveraged companies, including middle-market companies. We may also invest in debt of public companies that are thinly traded. Under normal market conditions, at least 80% of the value of our net assets (including the amount of any borrowings for investment purposes) is invested in senior loans.

Senior loans typically pay interest at rates which are determined periodically on the basis of a floating base lending rate, primarily LIBOR, plus a premium. Senior loans in which we invest are typically made to U.S. and, to a limited extent, non-U.S. corporations, partnerships and other business entities which operate in various industries and geographical regions. Senior loans typically are rated below investment grade. Securities rated below investment grade are often referred to as leveraged loans, high yield or junk securities, and may be considered high risk compared to debt instruments that are rated above investment grade. Senior secured loans, however are generally less risky than subordinated debt, bearing lower leverage and higher recovery statistics.

In addition to senior secured loans, we may invest a portion of our portfolio in opportunistic investments, which are not our primary focus, but are intended to enhance our returns to stockholders. These investments may include similar direct investments in public companies that are not thinly traded and securities of leveraged companies located in select countries outside of the United States. We may invest up to 30% of our total assets in such opportunistic investments, including senior loans issued by non-U.S. issuers, subject to compliance with our regulatory obligations as a business development company under the 1940 Act. See Regulation as a Business Development Company in the accompanying prospectus.

We currently borrow funds under our Credit Facility and may borrow further funds to make investments. As a result, we are exposed to the risks of leverage, which may be considered a speculative investment technique. The use of leverage magnifies the potential for gain and loss on amounts invested and therefore increases the risks associated with investing in our securities. In addition, the costs associated with our borrowings, including any increase in management fees payable to our investment adviser, Solar Capital Partners, are borne by our common stockholders.

Additionally, we may in the future seek to securitize our loans to generate cash for funding new investments. To securitize loans, we may create a wholly owned subsidiary and contribute a pool of loans to the subsidiary. This could include the sale of interests in the subsidiary on a non-recourse basis to purchasers who we would expect to be willing to accept a lower interest rate to invest in investment grade loan pools, and we would retain a portion of the equity in the securitized pool of loans.

Moreover, we may acquire investments in the secondary market and, in analyzing such investments, we will employ the same analytical process as we use for our primary investments.

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We may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates and market interest rates. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions should increase. It may not be possible to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of factors not related to currency fluctuations.

Our principal focus is to provide senior secured loans, including first lien, unitranche and second lien loans, to private middle-market companies in a variety of industries. We generally seek to target companies that generate positive cash flows. We generally seek to invest in companies from the broad variety of industries in which our investment adviser has direct expertise. The following is a representative list of the industries in which we may invest.

Aerospace & Defense	Healthcare, Education & Childcare
Automobile	Home, Office Furnishings & Durable Consumer Prds
Banking	Hotels, Motels, Inns and Gaming
Beverage, Food & Tobacco	Insurance
Buildings & Real Estate	Leisure, Amusement, Entertainment
Broadcasting & Entertainment	Machinery
Cargo Transport	Mining, Steel, Iron & Nonprecious Metals
Chemicals, Plastics & Rubber	Personal & Nondurable Consumer Products
Containers, Packaging & Glass	Personal, Food & Misc. Services
Diversified/Conglomerate Manufacturing	Personal Transportation
Diversified/Conglomerate Services	Printing & Publishing
Electronics	Retail Stores
Farming & Agriculture	Software, Internet Software & Services
Finance	Telecommunications
Grocery	Textiles & Leather
	Utilities

We may invest in other industries if we are presented with attractive opportunities.

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Summary Risk Factors

The value of our assets, as well as the market price of shares of our common stock, will fluctuate. Our investments may be risky, and you may lose all or part of your investment in us. Investing in Solar Senior Capital involves other risks, including the following:

- There are significant potential conflicts of interest, including Solar Capital Partners management of Solar Capital, which could impact our investment return; you will not be purchasing an investment in Solar Capital;
- We operate in a highly competitive market for investment opportunities;
- The lack of liquidity in our investments may adversely affect our business;
- We may borrow money, which would magnify the potential for gain or loss on amounts invested and may increase the risk of investing in us;
- To the extent we use debt to finance our investments, changes in interest rates will affect our cost of capital and net investment income;
- There will be uncertainty as to the value of our portfolio investments;
- We may experience fluctuations in our quarterly results;
- We are dependent upon Solar Capital Partners key personnel for our future success;
- We will become subject to corporate-level income tax on all of our income if we are unable to qualify as a RIC under Subchapter M of the Code, which would have a material adverse effect on our financial performance;
- Our portfolio may be concentrated in a limited number of portfolio companies and industries, which will subject us to a risk of significant loss if any of these companies performs poorly or defaults on its obligations under any of its debt instruments or if there is a downturn in a particular industry;
- Shares of our common stock may trade at a substantial discount from net asset value and may do so over the long term;
- The net asset value per share of our common stock may be diluted if we sell or issue shares of our common stock at prices below the then current net asset value per share;
- Our common stock price may be volatile and may decrease substantially;

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

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

Regulations governing our operation as a business development company affect our ability to, and the way in which we, raise additional capital. As a business development company, the necessity of raising additional capital may expose us to risks, including the typical risks associated with leverage.

See Risk Factors beginning on page 17 of the accompanying prospectus and the other information included in the accompanying prospectus for additional discussion of factors you should carefully consider before deciding to invest in shares of our common stock.

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Operating and Regulatory Structure

Solar Senior Capital is a Maryland corporation structured as an externally managed non-diversified closed-end management investment company. We have elected to be treated as a business development company under the 1940 Act. As a business development company, we are required to meet regulatory tests, including the requirement to invest at least 70% of our total assets in qualifying assets. Qualifying assets generally include, among other things, securities of eligible portfolio companies. Eligible portfolio companies generally include U.S. companies that are not investment companies and that do not have securities listed on a national exchange. See Regulation as a Business Development Company in the accompanying prospectus. We may also borrow funds to make investments. In addition, we have elected to be treated for federal income tax purposes, and intend to qualify annually, as a RIC under Subchapter M of the Code. See Material U.S. Federal Income Tax Considerations in the accompanying prospectus.

Our investment activities are managed by Solar Capital Partners and supervised by our board of directors. Solar Capital Partners is an investment adviser that is registered under the Investment Advisers Act of 1940, as amended (the Advisers Act). Under our investment advisory and management agreement, which we refer to as the Investment Advisory and Management Agreement, we have agreed to pay Solar Capital Partners an annual base management fee based on our gross assets as well as an incentive fee based on our performance. See Investment Advisory and Management Agreement in the accompanying prospectus. We have also entered into an administration agreement, which we refer to as the Administration Agreement, under which we have agreed to reimburse Solar Capital Management for the allocable portion of overhead and other expenses incurred by Solar Capital Management in performing its obligations under the Administration Agreement, including furnishing us with office facilities, equipment and clerical, bookkeeping and record keeping services at such facilities, as well as providing us with other administrative services. See Administration Agreement in the accompanying prospectus.

Our Corporate Information

Our offices are located at 500 Park Avenue, New York, New York 10022, and our telephone number is (212) 993-1670.

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THE OFFERING

Common Stock Offered by us, Excluding the Underwriters Over-Allotment Option	2,000,000 shares.
Common Stock Outstanding Prior to This Offering	9,502,844 shares.
Common Stock Outstanding After This Offering, Excluding the Underwriters Over-Allotment Option	11,502,844 shares.
Use of Proceeds	We expect to use the net proceeds from this offering to pay down outstanding indebtedness under our Credit Facility, and for general corporate purposes, including working capital requirements. However, through reborrowing under our Credit Facility, we intend to make investments in debt securities consistent with our investment objective, and other general corporate purposes. See Use of Proceeds.
NASDAQ Global Select Market symbol	SUNS
Distributions	To the extent that we have income available, we intend to distribute monthly dividends to our stockholders. The amount of our dividends, if any, will be determined by our board of directors. Any dividends to our stockholders will be declared out of assets legally available for distribution. The specific tax characteristics of our dividends will be reported to shareholders after the end of each calendar year. We may issue preferred stock from time to time, although we have no immediate intention to do so. If we issue shares of preferred stock, holders of such preferred stock will be entitled to receive cash dividends at an annual rate that will be fixed or will vary for the successive dividend periods for each series. In general, the dividend periods for fixed rate preferred stock will be quarterly.

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SELECTED FINANCIAL AND OTHER DATA

The selected financial and other data below should be read in conjunction with our Management s Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and notes thereto. Financial information is presented for the nine months ended September 30, 2012 and for the period from January 28, 2011 (inception) through December 31, 2011. Financial information for the period ended December 31, 2011 has been derived from our audited financial statements. The financial information at and for the nine months ended September 30, 2012 was derived from our unaudited financial statements and related notes. In the opinion of management, all adjustments, consisting solely of normal recurring accruals, considered necessary for the fair presentation of financial statements for the interim periods, have been included. Our results for the interim period may not be indicative of our results for the full year. See Management s Discussion and Analysis of Financial Condition and Results of Operations in this prospectus supplement and Senior Securities in the accompanying prospectus for more information.

($ in thousands, except per share data)	Nine months ended September 30, 2012(4) (unaudited)	Period from January 28, 2011(3) to December 31, 2011
Income statement data:		
Total investment income	$ 14,398	$ 7,890
Total expenses	$ 5,330	$ 5,290
Net investment income	$ 9,068	$ 2,600
Net realized gain (loss)	$ 544	$ (576)
Net change in unrealized gain (loss)	$ 3,545	$ (2,274)
Net increase (decrease) in net assets resulting from operations	$ 13,157	$ (250)
Other data (unaudited):		
Weighted average annualized yield on income producing investments:		
On fair value(1)(4)	8.1%	8.5%
On cost(2)(4)	8.2%	8.4%
Number of portfolio companies at period end(4)	31	21
Per share data(5):		
Net investment income	$ 0.95	$ 0.30
Net realized and unrealized gain (loss)	$ 0.43	$ (0.33)
Dividends and distributions declared	$ 0.93	$ 0.55

($ in thousands, except per share data)	As of September 30, 2012(4) (unaudited)	As of December 31, 2011
Balance sheet data:		
Total investment portfolio	$ 234,951	$ 177,749
Total cash and cash equivalents	$ 3,631	$ 2,934
Total assets	$ 245,159	$ 187,395
Credit facility payable	$ 55,900	$ 8,600
Net assets	$ 176,698	$ 172,435
Per share data(5):		
Net asset value per share	$ 18.60	$ 18.15

(1) Throughout this document, the weighted average yield on income producing investments is computed as the (a) annual stated interest on accruing loans and debt securities plus the annual amortization of loan

origination fees, original issue discount, and market discount on accruing loans and debt securities, plus the effective interest yield on any preferred shares divided by (b) total income producing investments at fair value. The weighted average yield is computed as of the balance sheet date and excludes assets on non-accrual status or on a cost recovery basis as of such date.

(2) For this calculation, the weighted average yield on income producing investments is computed as the (a) annual stated interest on accruing loans and debt securities plus the annual amortization of loan origination fees, original issue discount, and market discount on accruing loans and debt securities, plus the effective interest yield on any preferred shares divided by (b) total income producing investments at cost. The weighted average yield is computed as of the balance sheet date and excludes assets on non-accrual status or on a cost recovery basis as of such date.

(3) Commencement of Operations.

(4) Unaudited.

(5) The per share calculations are based on 9,500,100 weighted average shares outstanding for the period from January 28, 2011 to December 31, 2011 and 9,500,100 weighted average shares outstanding for the nine months ended September 30, 2012.

Selected Quarterly Financial Data (Unaudited)

(dollar amounts in thousands, except per share data)

	2012		
	Q3	**Q2**	**Q1**
Total investment income	$ 4,890	$ 5,599	$ 3,909
Net investment income	$ 3,001	$ 3,441	$ 2,626
Net realized and unrealized gain	$ 806	$ 192	$ 3,091
Earnings per share(1)	$ 0.40	$ 0.38	$ 0.60
Net asset value per share at the end of the quarter(2)	$ 18.60	$ 18.54	$ 18.45

	2011			
	Q4	**Q3**	**Q2**	**Q1**
Total investment income	$ 3,554	$ 2,874	$ 1,405	$ 57
Net investment income (loss)	$ 2,570	$ (644)	$ 794	$ (120)
Net realized and unrealized gain (loss)	$ 1,676	$ (4,844)	$ 180	$ 138
Earnings per share(3)	$ 0.45	$ (0.58)	$ 0.10	$ (5)
Net asset value per share at the end of the quarter(4)	$ 18.15	$ 17.97	$ 18.78	$ 18.73

(1) Based on 9,500,100 weighted average shares of Solar Senior Capital Ltd. outstanding during the first quarter of 2012.

(2) Based on 9,500,100 shares of Solar Senior Capital Ltd. outstanding as of the end of the first quarter of 2012.

(3) Based on 4,758,110, 9,500,100, 9,500,100 and 9,500,100 weighted average shares of Solar Senior Capital Ltd. outstanding during each of the first, second, third and fourth quarters of 2011, respectively.

(4) Based on 9,500,100 shares of Solar Senior Capital Ltd. outstanding as of the end of the first, second, third and fourth quarter of 2011.

(5) Less than $0.005 per share.

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FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses that you will bear directly or indirectly as an investor in our common stock. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus supplement and the accompanying prospectus contains a reference to fees or expenses paid by us or Solar Senior Capital, or that we will pay fees or expenses, you will indirectly bear such fees or expenses as an investor in Solar Senior Capital Ltd.

Stockholder transaction expenses:	
Sales load borne by us (as a percentage of offering price)	1.33%(1)
Offering expenses borne by us (as a percentage of offering price)	0.58%(2)
Dividend reinvestment plan expenses	None (3)
Total stockholder transaction expenses (as a percentage of offering price)	1.91%
Annual expenses (as a percentage of net assets attributable to common stock):	
Base management fee	1.25%(4)
Incentive fees payable under our Investment Advisory and Management Agreement	0.35%(5)
Interest payments on borrowed funds	1.39%(6)
Other expenses (estimated)	1.74%(7)
Total annual expenses (estimated)	4.73%

Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed that our annual operating expenses would remain at the levels set forth in the table above and have excluded performance-based incentive fees. See Note 6 below for additional information regarding certain assumptions regarding our level of leverage.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5% annual return	$ 62	$ 149	$ 237	$ 461

(1) The underwriting discounts and commissions with respect to the shares sold in this offering, which is a one time fee, is the only sales load paid in connection with this offering. For the purpose of calculating the sales load, we have used the difference between the price per share paid by the underwriters and $18.85, the price per share to the public.

(2) The offering expenses of this offering are estimated to be approximately $220,000.

(3) The expenses of the dividend reinvestment plan are included in other expenses.

(4) Our base management fee under the Investment Advisory and Management Agreement is based on our gross assets, which is defined as all the assets of Solar Senior Capital, including those acquired using borrowings for investment purposes. For purposes of this calculation, we have computed the base management fee ratio using what we estimate our management fee expense will be for the full year ended December 31, 2012.

(5)

For purposes of this calculation, we have computed the incentive fees payable under our Investment Advisory and Management Agreement using what we estimate our incentive fee expense will be for the full year ended December 31, 2012. The incentive fee consists of two parts:

The first part, which was payable quarterly in arrears, equals 20% of the excess, if any, of our Pre-Incentive Fee Net Investment Income that exceeds a 1.75% quarterly (7.00% annualized) hurdle rate, which we refer to as the Hurdle, subject to a catch-up provision measured at the end of each calendar quarter. The first part of

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the incentive fee is computed and paid on income that may include interest that is accrued but not yet received in cash. The operation of the first part of the incentive fee for each quarter is as follows:

no incentive fee is payable to our investment adviser in any calendar quarter in which our Pre-Incentive Fee Net Investment Income does not exceed the Hurdle of 1.75%;

50% of our Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the Hurdle but is less than 2.9167% in any calendar quarter (11.67% annualized) is payable to our investment adviser. We refer to this portion of our Pre-Incentive Fee Net Investment Income (which exceeds the Hurdle but is less than 2.9167%) as the catch-up. The catch-up is meant to provide our investment adviser with 20% of our Pre-Incentive Fee Net Investment Income, as if a Hurdle did not apply when our Pre-Incentive Fee Net Investment Income exceeds 2.9167% in any calendar quarter; and

20% of the amount of our Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.9167% in any calendar quarter (11.67% annualized) is payable to our investment adviser (once the Hurdle is reached and the catch-up is achieved, 20% of all Pre-Incentive Fee Investment Income thereafter is allocated to our investment adviser).

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

(6) We may borrow funds from time to time to make investments to the extent we determine that the economic situation is conducive to doing so. The costs associated with our outstanding borrowings are indirectly born by our investors. For purposes of this section, we have computed interest expense using what we estimate our interest expense will be for the full year ended December 31, 2012 which would reflect the average debt balance outstanding for the entire fiscal year and also includes costs related to the amendment of the Credit Facility on November 7, 2012.

(7) Other expenses are based on the annualized amounts for the nine months ended September 30, 2012 and include our overhead expenses, including payments under our Administration Agreement based on our allocable portion of overhead and other expenses incurred by Solar Capital Management in performing its obligations under the Administration Agreement. See Administration Agreement in the accompanying prospectus.

The example and the expenses in the tables above should not be considered a representation of our future expenses, and actual expenses may be greater or less than those shown. While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. The incentive fee under the Investment Advisory and Management Agreement, which, assuming a 5% annual return, would either not be payable or would have an insignificant impact on the expense amounts shown above, is not included in the example. This illustration assumes that we will not realize any capital gains (computed net of all realized capital losses and unrealized capital depreciation) in any of the indicated time periods. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our expenses and returns to our investors would be higher. For example, if we assumed that we received our 5% annual return completely in the form of net realized capital gains on our investments, computed net of all cumulative unrealized depreciation on our investments, the projected dollar amount of total cumulative expenses set forth in the above illustration would be as follows:

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5% annual return	$ 72	$ 177	$ 281	$ 538

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In addition, while the example assumes reinvestment of all dividends at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend payable to a participant by the market price per share of our common stock at the close of trading on the dividend payment date, which may be at, above or below net asset value unless the company makes open market purchases and the shares received will be determined based on the average price paid by our agent, plus commissions. See Dividend Reinvestment Plan in the accompanying prospectus for additional information regarding our dividend reinvestment plan.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement contains forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about Solar Senior Capital, our current and prospective portfolio investments, our industry, our beliefs, and our assumptions. Words such as anticipates, expects, intends, plans, believes, seeks, estimates, would, should, targets, projects, and variations of these words and similar expressions are intended to identi forward-looking statements.

The forward-looking statements contained in this prospectus supplement and the accompanying prospectus involve risks and uncertainties, including statements as to:

- our future operating results;
- our business prospects and the prospects of our portfolio companies;
- the impact of investments that we expect to make;
- our contractual arrangements and relationships with third parties;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- the ability of our portfolio companies to achieve their objectives;
- our expected financings and investments;
- our breach of any of the covenants or other provisions in our debt agreements;
- the adequacy of our cash resources and working capital; and
- the timing of cash flows, if any, from the operations of our portfolio companies.

These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including without limitation:

- an economic downturn could impair our portfolio companies ability to continue to operate, which could lead to the loss of some or all of our investments in such portfolio companies;
- a contraction of available credit and/or an inability to access the equity markets could impair our lending and investment activities;
- interest rate volatility could adversely affect our results, particularly if we elect to use leverage as part of our investment strategy;
- currency fluctuations could adversely affect the results of our investments in foreign companies, particularly to the extent that we receive payments denominated in foreign currency rather than U.S. dollars; and
- the risks, uncertainties and other factors we identify in Risk Factors and elsewhere in this prospectus supplement, the accompanying prospectus and in our filings with the SEC.

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. Important assumptions include our ability to originate new loans and investments, certain margins and levels of profitability and the availability of additional capital. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this prospectus supplement and the accompanying prospectus should not be regarded as a representation by us that our plans and objectives will be achieved. These risks and uncertainties include those described or identified in Risk Factors and elsewhere in this prospectus supplement and the accompanying prospectus. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus supplement. However, we will update this prospectus supplement to reflect any material changes to the information contained herein. The forward-looking statements and projections contained in this prospectus supplement are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended, or the Securities Act.

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CAPITALIZATION

The following table sets forth:

- the actual capitalization of Solar Senior Capital Ltd. at September 30, 2012; and

- the as adjusted capitalization of Solar Senior Capital Ltd., which reflects the sale of 2,000,000 shares of our common stock at $18.60 per share less expenses.

	As of September 30, 2012	
	Solar Senior Capital Ltd. Actual (unaudited) (in thousands)	Solar Senior Capital Ltd. As Adjusted (unaudited) (in thousands)
Assets:		
Cash and cash equivalents	$ 3,631	$ 3,631
Investments at fair value	$ 234,951	$ 234,951
Other assets	$ 6,577	$ 6,577
Total assets	$ 245,159	$ 245,159
Liabilities:		
Credit facility payable	$ 55,900	$ 18,920
Other Liabilities	$ 12,561	$ 12,561
Total Liabilities	$ 68,461	$ 31,481
Net Assets:		
Common stock, par value $0.01 per share; 200,000,000 shares authorized, 9,500,100 shares issued and outstanding, actual, 11,500,100 shares issued and outstanding, as adjusted	$ 95	$ 115
Paid-in capital in excess of par value	$ 177,827	$ 214,787
Total Net Assets	$ 176,698	$ 213,678

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USE OF PROCEEDS

We estimate that we will receive net proceeds from the sale of 2,000,000 shares of our common stock in this offering of approximately $36,980,000 after deducting estimated offering expenses payable by us and underwriting discounts and commissions.

We expect to use the net proceeds from this offering to pay down outstanding indebtedness under our Credit Facility, and for general corporate purposes, including working capital requirements. However, through reborrowing under our Credit Facility, we intend to make investments in debt securities consistent with our investment objective, and other general corporate purposes. We are continuously identifying, reviewing and, to the extent consistent with our investment objective, funding new investments. As a result, we typically raise capital as we deem appropriate to fund such new investments.

Under our $200 million Credit Facility, which matures in November 2017 and generally bears interest at LIBOR plus 2.00%, we had approximately $39.1 million outstanding as of December 31, 2012. For additional information regarding our Credit Facility, see Management s Discussion and Analysis of Financial Condition and Results of Operations in this prospectus supplement.

Affiliates of the underwriters are lenders under our Credit Facility. Accordingly, affiliates of certain of the underwriters may receive more than 5% of the net proceeds of this offering to the extent such proceeds are used to repay outstanding indebtedness under our Credit Facility.

We estimate that it will take three to six months for us to substantially invest the net proceeds of this offering in new investments, depending on the availability of attractive opportunities and market conditions. However, we can offer no assurance that we will be able to achieve this goal. We expect that it may take more than three months to invest all of the net proceeds of this offering, in part because investments in private companies often require substantial research and due diligence.

Pending these uses, we will invest such net proceeds primarily in cash, cash equivalents, and U.S. government securities and other high-quality debt investments that mature in one year or less. The management fee payable by us to our investment adviser will not be reduced while our assets are invested in such securities.

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PRICE RANGE OF COMMON STOCK AND DISTRIBUTIONS

Our common stock is traded on the NASDAQ Global Select Market under the symbol SUNS . The following table sets forth, for each fiscal quarter since our initial public offering on February 24, 2011, the net asset value (NAV) per share of our common stock, the high and low intraday sales prices for our common stock, such sales prices as a percentage of NAV per share and quarterly distributions per share.

	NAV(1)	Price Range High	Price Range Low	High Sales Price as a Percentage of NAV(2)	Low Sales Price as a Percentage of NAV(2)	Cash Distributions Per Share(3)
Fiscal 2013						
First Quarter (through January 11, 2013)	*	$ 19.59	$ 18.64	*	*	*
Fiscal 2012						
Fourth Quarter	*	$ 18.90	$ 16.68	*	*	$ 0.3525
Third Quarter	$ 18.60	$ 18.53	$ 16.58	(0.4)%	(10.9)%	$ 0.3375
Second Quarter	$ 18.54	$ 17.31	$ 15.57	(6.6)%	(16.0)%	$ 0.30
First Quarter	$ 18.45	$ 17.43	$ 15.39	(5.5)%	(16.6)%	$ 0.30
Fiscal 2011						
Fourth Quarter	$ 18.15	$ 16.58	$ 13.50	(8.7)%	(25.6)%	$ 0.27
Third Quarter	$ 17.97	$ 18.49	$ 14.14	2.9%	(21.3)%	$ 0.23
Second Quarter	$ 18.78	$ 19.17	$ 16.95	2.1%	(9.7)%	$ 0.05
First Quarter (from February 24, 2011 through March 31, 2011)	$ 18.73	$ 19.80	$ 18.52	5.7%	(1.1)%	

(1) Net asset value per share is determined as of the last day in the relevant quarter and therefore may not reflect the net asset value per share on the date of the high and low sales prices. The net asset values shown are based on outstanding shares at the end of each period.
(2) Calculated as the respective high or low intraday sales price divided by NAV.
(3) Represents the cash distribution declared in the specified quarter.
* Not determinable at the time of filing.

On January 11, 2013, the last reported sales price of our common stock was $19.42 per share. As of January 11, 2013, we had 6 shareholders of record.

Shares of business development companies may trade at a market price that is less than the value of the net assets attributable to those shares. The possibility that our shares of common stock will trade at a discount from net asset value or at premiums that are unsustainable over the long term are separate and distinct from the risk that our net asset value will decrease. Since our initial public offering on February 24, 2011, our shares of common stock have traded at both a discount and a premium to the net assets attributable to those shares. As of January 11, 2013, our shares of common stock traded at a premium equal to approximately 4.4% of the net assets attributable to those shares based upon our net asset value as of September 30, 2012. It is not possible to predict whether the shares offered hereby will trade at, above, or below net asset value.

We intend to distribute monthly dividends to our stockholders. Our monthly dividends, if any, will be determined by our board of directors.

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The following table reflects the cash distributions, including dividends and returns of capital, if any, per share that we have declared on our common stock since our initial public offering:

Date Declared	Record Date	Payment Date	Amount
Fiscal 2013			
January 8, 2013	January 24, 2013	February 1, 2013	$ 0.1175
Total (2013)			$ 0.1175
Fiscal 2012			
December 6, 2012	December 20, 2012	January 3, 2013	$ 0.1175
November 1, 2012	November 22, 2012	December 4, 2012	0.1175
October 4, 2012	October 25, 2012	November 2, 2012	0.1175
September 11, 2012	September 20, 2012	October 2, 2012	0.1175
July 31, 2012	August 23, 2012	September 5, 2012	0.115
July 9, 2012	July 19, 2012	August 2, 2012	0.105
June 11, 2012	June 21, 2012	July 2, 012	0.10
May 1, 2012	May 18, 2012	June 4, 2012	0.10
April 5, 2012	April 18, 2012	May 2, 2012	0.10
February 22, 2012	March 20, 2012	April 3, 2012	0.10
February 3, 2012	February 17, 2012	March 2, 2012	0.10
January 6, 2012	January 19, 2012	February 2, 2012	0.10
Total (2012)			$ 1.29
Fiscal 2011			
December 6, 2011	December 15, 2011	December 29, 2011	$ 0.10
November 1, 2011	November 18, 2011	December 2, 2011	0.09
October 7, 2011	October 19, 2011	November 18, 2011	0.08
September 12, 2011	September 20, 2011	October 4, 2011	0.08
August 2, 2011	August 19, 2011	September 2, 2011	0.08
July 7, 2011	July 18, 2011	August 1, 2011	0.07
June 6, 2011	June 16, 2011	June 30, 2011	0.05
Total (2011)			$ 0.55

Tax characteristics of all dividends will be reported to shareholders on Form 1099 after the end of the calendar year. Our monthly dividends, if any, will be determined by our board of directors.

We have elected to be taxed as a RIC under Subchapter M of the Code. To maintain our RIC status, we must distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, out of the assets legally available for distribution. In addition, although we currently intend to distribute realized net capital gains (*i.e.*, net long-term capital gains in excess of net short-term capital losses), if any, at least annually, out of the assets legally available for such distributions, we may in the future decide to retain such capital gains for investment.

We maintain an opt out dividend reinvestment plan for our common stockholders. As a result, if we declare a dividend, then stockholders cash dividends will be automatically reinvested in additional shares of our common stock, unless they specifically opt out of the dividend reinvestment plan so as to receive cash dividends.

We may not be able to achieve operating results that will allow us to make dividends and distributions at a specific level or to increase the amount of these dividends and distributions from time to time. In addition, we may be limited in our ability to make dividends and distributions due to the asset coverage test for borrowings applicable to us as a BDC under the 1940 Act and due to provisions in current and future credit facilities. If we

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do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of our RIC status. We cannot assure stockholders that they will receive any dividends and distributions or dividends and distributions at a particular level.

All dividends declared in cash payable to stockholders that are participants in our dividend reinvestment plan are generally automatically reinvested in shares of our common stock. As a result, stockholders that do not participate in the dividend reinvestment plan may experience dilution over time. Stockholders who do not elect to receive dividends in shares of common stock may experience accretion to the net asset value of their shares if our shares are trading at a premium and dilution if our shares are trading at a discount. The level of accretion or discount would depend on various factors, including the proportion of our stockholders who participate in the plan, the level of premium or discount at which our shares are trading and the amount of the dividend payable to a stockholder.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information contained in this section should be read in conjunction with the Selected Financial and Other Data and our Financial Statements and notes thereto appearing elsewhere in this prospectus supplement.

Overview

Solar Senior Capital, a Maryland corporation formed in December 2010, is a closed-end, externally managed, non-diversified management investment company that has elected to be treated as a BDC under the 1940 Act. In addition, for tax purposes we have elected to be treated as a regulated investment RIC under the Code.

On February 24, 2011, we priced our initial public offering, selling 9.0 million shares, including the underwriters over-allotment, at a price of $20.00 per share. Concurrent with that offering, management purchased an additional 500,000 shares through the Concurrent Private Placement, also at $20.00 per share.

On August 26, 2011, we established a the Credit Facility with Citigroup Global Markets Inc. acting as administrative agent. In connection with the Credit Facility, the SPV was formed. The Credit Facility matures on August 26, 2016 and generally bears interest at a rate of LIBOR plus 2.25%. Under the Credit Facility, $150 million is available initially with an additional $50 million available as a delayed draw. The Credit Facility can also be expanded up to $600 million. The Credit Facility is secured by all of the assets held by the SPV. Under the Credit Facility, Solar Senior and the SPV, as applicable, have made certain customary representations and warranties, and are required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. The Credit Facility includes usual and customary events of default for credit facilities of this nature.

We invest primarily in U.S. middle-market companies, where we believe the supply of primary market capital is limited and the investment opportunities are highly attractive. Our investment objective is to seek to maximize current income consistent with the preservation of capital. We seek to achieve our investment objective by investing primarily in senior loans, including first lien, unitranche, and second lien debt instruments, made to private middle-market companies whose debt is rated below investment grade, which we refer to collectively as senior loans. We may also invest in debt of public companies that are thinly traded. Under normal market conditions, at least 80% of the value of our net assets (including the amount of any borrowings for investment purposes) is invested in senior loans. Senior loans typically pay interest at rates which are determined periodically on the basis of a floating base lending rate, primarily LIBOR, plus a premium. Senior loans in which we invest are typically made to U.S. and, to a limited extent, non-U.S. corporations, partnerships and other business entities which operate in various industries and geographical regions. Senior loans typically are rated below investment grade. Securities rated below investment grade are often referred to as leveraged loans or high yield securities, and may be considered high risk compared to debt instruments that are rated above investment grade.

We invest in senior loans made primarily to private leveraged middle market companies with approximately $20 million to $100 million of EBITDA. Our business model is focused primarily on the direct origination of investments through portfolio companies or their financial sponsors. Our investments generally range between $5 million and $30 million each, although this investment size will vary proportionately with the size of our capital base, among other factors. In addition, we may invest a portion of our portfolio in other types of investments, which we refer to as opportunistic investments, which are not our primary focus but are intended to enhance our overall returns. These opportunistic investments may include, but are not limited to, direct investments in public companies that are not thinly traded and securities of leveraged companies located in select countries outside of the United States. We may invest up to 30% of our total assets in such opportunistic investments, including senior loans issued by non-U.S. issuers, subject to compliance with our regulatory obligations as a BDC under the 1940 Act.

As of September 30, 2012, our long term investments totaled approximately $235.0 million and our net asset value was approximately $176.7 million. Our portfolio was comprised of debt investments in 31 portfolio companies and our income producing assets, which represented 100% of our total portfolio, had a weighted average annualized yield on a fair value basis of approximately 8.1%.

Recent Developments

Dividends

On November 1, 2012, we declared a dividend of $0.1175 per share, that was paid on December 4, 2012 to stockholders of record on November 22, 2012. On December 6, 2012, we declared a dividend of $0.1175 per share, that was paid on January 3, 2013 to stockholders of record on December 20, 2012. On January 8, 2013 we declared a dividend of $0.1175 per share, to be paid on February 1, 2013 to stockholders of record on January 24, 2013. We expect dividends to be paid from taxable earnings with specific tax characteristics reported to stockholders after the end of the calendar year.

Credit Facility Amendment

On November 7, 2012, we amended our $200 million Credit Facility. As a result of the amendment, the stated interest rate on the Credit Facility was reduced to LIBOR plus 2.00% from LIBOR plus 2.25%, and the Credit Facility continues to have no LIBOR floor requirement. In addition, the amendment reduced certain non-usage fees. The amendment also provided us greater flexibility and extended the final maturity date to November 1, 2017.

Critical Accounting Policies

The preparation of financial statements and related disclosures in conformity with U.S. generally accepted accounting policies (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following items as critical accounting policies.

Valuation of Portfolio Investments

We conduct the valuation of our assets, pursuant to which our net asset value is determined, at all times consistent with GAAP, and the 1940 Act. Our valuation procedures are set forth in more detail below:

Securities for which market quotations are readily available on an exchange are valued at the closing price on the valuation date. We may also obtain quotes with respect to certain of our investments from pricing services or brokers or dealers in order to value assets. When doing so, we determine whether the quote obtained is sufficient according to GAAP to determine the fair value of the security. If determined reliable, we use the quote obtained.

Securities for which reliable market quotations are not readily available or for which the pricing sources do not provide a valuation or methodology or provide a valuation or methodology that, in the judgment of Solar Capital Partners, LLC (Solar Capital Partners or the Investment Adviser) or our board of directors, does not represent fair value, shall each be valued as follows: (i) each portfolio company or investment is initially valued by the investment professionals responsible for the portfolio investment; (ii) preliminary valuation conclusions are documented and discussed with senior management; (iii) independent third-party valuation firms engaged by, or on behalf of, the board of directors will conduct independent appraisals and review management s preliminary valuations and make their own assessment for (a) each portfolio investment that, when taken together with all other investments in the same portfolio company, exceeds 10% of total assets, plus available borrowings, as of the end of the most recently completed fiscal quarter, and (b) each portfolio investment that is presently in default; (iv) the board of directors will discuss valuations and determine the fair value of each investment in our

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portfolio in good faith based on the input of the Investment Adviser and, where appropriate, the respective third-party valuation firms.

The recommendation of fair value will generally consider one or more of the following factors, as relevant: the nature and realizable value of any collateral; the portfolio company s ability to make payments; the portfolio company s earnings and discounted cash flow; the markets in which the issuer does business; and yield comparisons to publicly traded securities and indices.

Securities for which market quotations are not readily available or for which a pricing source is not sufficient may include, but are not limited to, the following:

- private placements and restricted securities that do not have an active trading market;
- securities whose trading has been suspended or for which market quotes are no longer available;
- debt securities that have recently gone into default and for which there is no current market;
- securities whose prices are stale;
- securities affected by significant events; and
- securities that the Investment Adviser believes were priced incorrectly.

Determination of fair value involves subjective judgments and estimates. Accordingly, the notes to our financial statements express the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on our financial statements.

GAAP fair value measurement guidance classifies the inputs used to measure these fair values into the following hierarchy:

Level 1. Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Company has the ability to access (examples include active exchange-traded equity securities and exchange-traded derivatives).

Level 2. Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

a) Quoted prices for similar assets or liabilities in active markets;

b) Quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate and municipal bonds, which trade infrequently);

c) Pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including foreign exchange forward contracts); and

d) Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

Level 3. Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management s own assumptions about the assumptions a market participant would use in pricing the asset or liability (examples include certain of our private debt and equity investments) and long-dated or complex derivatives (including certain equity and currency derivatives).

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The following table shows the level of our investments and Credit Facility as of September 30, 2012:

Fair Value Measurements

As of September 30, 2012

	Level 1	Level 2	Level 3	Total
Assets:				
Bank Debt/Senior Secured Loans	$	$ 16,868	$ 211,124	$ 227,992
Unsecured Bank Debt/Bonds		6,959		6,959
Total Investments	$	$ 23,827	$ 211,124	$ 234,951
Liabilities:				
Credit Facility	$	$	$ 55,900	$ 55,900

There were no investments transferred into or out of Levels 1, 2, or 3 during the nine months ended September 30, 2012.

Credit Facility

The Company has made an irrevocable election to apply the fair value option of accounting to the Credit Facility, in accordance with ASC 825-10. Accounting for the Credit Facility at fair value will better align the measurement methodologies of assets and liabilities, which may mitigate certain earnings volatility. As a result of this election, approximately $2.85 million of costs related to the establishment of the Credit Facility have been expensed through September 30, 2012, rather than being deferred and amortized over the life of the Credit Facility. For the three and nine month periods ending September 30, 2012, the Credit Facility had no net change in unrealized (appreciation) depreciation. We use an independent third-party valuation firm to assist the Company in measuring the fair value of the Credit Facility.

Revenue Recognition

Our revenue recognition policies are as follows:

Sales: Gains or losses on the sale of investments are calculated by using the specific identification method.

Interest Income: Interest income, adjusted for amortization of premium and accretion of discount, is recorded on an accrual basis. Origination, closing and/or commitment fees associated with investments in portfolio companies are accreted into interest income over the respective terms of the applicable loans. Upon the prepayment of a loan or debt security, any prepayment penalties and unamortized loan origination, closing and commitment fees are recorded as part of interest income. We may have loans in our portfolio that contain a PIK provision. PIK interest is accrued at the contractual rates and added to the loan principal on the payment/capitalization dates.

Non-accrual: Loans are placed on non-accrual status when principal or interest payments are past due 30 days or more or when there is reasonable doubt that principal or interest will be collected. Accrued interest is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management s judgment about ultimate collectability of principal. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in management s judgment, are likely to remain current.

Payment-in-Kind Interest

We may have investments in our portfolio which contain a PIK interest provision. Over time, PIK interest increases the principal balance of the investment, but is recorded as interest income. For us to maintain our status

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as a RIC, substantially all of this income must be paid out to stockholders in the form of dividends, even though we have not currently collected cash with respect to the PIK interest.

Portfolio Investments

The total value of our investments was approximately $235.0 million and $177.7 million at September 30, 2012 and December 31, 2011, respectively. During the three months ended September 30, 2012, we originated approximately $27.5 million of new investments in three new and two existing portfolio companies. We also had sales of approximately $8.0 million from two portfolio companies and had principal repayments of approximately $7.4 million from 24 portfolio companies. During the nine months ended September 30, 2012, we originated approximately $136.3 million of new investments in 15 new and 7 existing portfolio companies. We also had sales of approximately $19.7 million from five portfolio companies and had principal repayments of approximately $62.2 million from 30 portfolio companies.

At September 30, 2012, we had investments in debt securities of 31 portfolio companies, totaling approximately $235.0 million. At December 31, 2011, we had investments in debt securities of 21 portfolio companies, totaling approximately $177.7 million.

The following table shows the fair value of our portfolio of investments by asset class as of September 30, 2012 and December 31, 2011:

	September 30, 2012		December 31, 2011	
	Cost	Fair Value	Cost	Fair Value
Bank Debt/Senior Secured Investments	$ 227,529	$ 227,992	$ 176,839	$ 174,701
Unsecured Bank Debt/Bonds	6,151	6,959	3,184	3,048
Total	$ 233,680	$ 234,951	$ 180,023	$ 177,749

As of September 30, 2012, the weighted average yield on income producing investments in our portfolio measured at fair value was approximately 8.1% compared to 8.5% at December 31, 2011. The weighted average yield on income producing investments in our portfolio based on cost was approximately 8.2% and 8.4%, respectively. The decrease in yield for the nine months period ended September 30, 2012 was primarily due to an increase in the fair value of portfolio assets and the repayment of certain higher yielding assets. As of September 30, 2012 and December 31, 2011, there were no investments on non-accrual status.

Results of Operations

Revenue

For the three and nine month periods ended September 30, 2012, investment income totaled $4.9 million and $14.4 million, respectively. For the three month period ended September 30, 2011 and the period January 28, 2011 through September 30, 2011, investment income totaled $2.9 million and $4.3 million, respectively. Investment income growth for each of the respective comparative periods was due to the ongoing deployment of the Company s initial equity and corresponding debt capital raised since the IPO.

Expenses

Investment advisory and management fees for the three and nine month periods ended September 30, 2012 increased relative to the comparative periods in 2011. The increase was driven primarily from the Company s continued net portfolio growth since its IPO in January 2011. Performance-based incentive fees also increased for the three and nine month periods ended September 30, 2012 due to the increase in net investment income and net unrealized appreciation generated from a larger and appreciating portfolio of investments.

Interest and other credit facility expenses are primarily based upon outstanding loan balances of the Credit Facility during the periods presented. That said, interest and other credit facility expenses for the three and nine month periods ended September 30, 2012 are not comparable to the same periods in 2011 since the Company had not established the Credit Facility until August 2011.

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Administrative services fees and other general administrative expenses were higher for the three and nine months ended September 30, 2012 as compared to the three month period ended September 30, 2011 and the period January 28, 2011 through September 30, 2011 primarily due to generally lower operating expenses during the Company s initial year of start-up operations.

Net Realized and Unrealized Gain on Investments

For the three and nine month periods ended September 30, 2012, net realized and unrealized gains totaled $0.8 million and $4.1 million, respectively. This compared to net realized and unrealized (losses) totaling ($4.8) million and ($4.5) million, respectively, for the comparable 2011 periods. The general increase in net realized and unrealized gains was primarily attributable to the increasing fair market values on our portfolio company investments at September 30, 2012 due to the general tightening of credit spreads and the continued financial good health of our overall portfolio.

Liquidity and Capital Resources

Our liquidity and capital resources are generated and generally available through the Credit Facility, the proceeds of our initial public offering and concurrent private placement, cash flows from operations, investment sales of liquid assets, repayments of loans, income earned on investments and cash equivalents, and we expect through periodic follow-on equity and/or debt offerings. We may from time to time issue securities in either public or private offerings. The issuance of debt or equity securities will depend on future market conditions, funding needs and other factors and there can be no assurance that any such issuance will occur or be successful.

The primary use of existing funds and any funds raised in the future is expected to be for investments in portfolio companies, cash distributions to our shareholders or for other general corporate purposes.

At September 30, 2012 and December 31, 2011, we had cash and cash equivalents of approximately $3.6 million and $2.9 million, respectively. Cash used in operating activities for the nine months ended September 30, 2012 was approximately $38.8 million. We expect that all current liquidity needs will be met with cash flows from operations, borrowings, and other activities. As of September 30, 2012, we had approximately $144.1 million of unused borrowing capacity under the Credit Facility.

Credit Facility

On August 26, 2011, we established a $200 million senior secured revolving credit facility with Citigroup Global Markets Inc. acting as administrative agent. The Credit Facility matures on August 26, 2016 and generally bears interest at a rate of LIBOR plus 2.25%. Under the Credit Facility, $150 million will be available initially with an additional $50 million available as a delayed draw. The Credit Facility can also be expanded up to $600 million. The Credit Facility is secured by all of the assets held by the SPV. Under the Credit Facility, Solar Senior and the SPV, as applicable, have made certain customary representations and warranties, and are required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. The Credit Facility includes usual and customary events of default for credit facilities of this nature.

Contractual Obligations

A summary of our significant contractual payment obligations are as follows:

Payments Due by Period

(in millions)	Total	Less than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Senior secured revolving credit facility(1)	$ 55.9	$	$	$ 55.9	$

(1) As of September 30, 2012, we had $144.1 million of unused borrowing capacity under the Credit Facility.

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We have certain commitments pursuant to our Investment Advisory and Management Agreement entered into with the Investment Adviser. We have agreed to pay a fee for investment advisory and management services consisting of two components a base management fee and an incentive fee. Payments under the Investment Advisory and Management Agreement are equal to (1) a percentage of the value of our average gross assets and (2) a two-part incentive fee. We have also entered into a contract with Solar Capital Management LLC, (Solar Capital Management) to serve as our administrator. Payments under the Administration Agreement are equal to an amount based upon our allocable portion of Solar Capital Management s overhead in performing its obligation under the agreement, including rent, fees, and other expenses inclusive of our allocable portion of the compensation of our chief financial officer and any administrative staff.

Off-Balance Sheet Arrangements

In the normal course of our business, we trade various financial instruments and may enter into various investment activities with off-balance sheet risk, which include forward foreign currency contracts. Generally, these financial instruments represent future commitments to purchase or sell other financial instruments at specific terms at future dates. These financial instruments contain varying degrees of off-balance sheet risk whereby changes in the market value or our satisfaction of the obligations may exceed the amount recognized in our Consolidated Statement of Assets and Liabilities.

Borrowings

We had borrowings of approximately $55.9 million and $8.6 million outstanding as of September 30, 2012 and December 31, 2011, respectively.

Distributions and Dividends

The following table reflects the cash distributions, including dividends and returns of capital, if any, per share that we have declared on our common stock since our initial public offering:

Date Declared	**Record Date**	**Payment**	**Amount**
Fiscal 2012			
October 4, 2012	October 25, 2012	November 2, 2012	$ 0.1175
September 11, 2012	September 20, 2012	October 2, 2012	0.1175
July 31, 2012	August 23, 2012	September 5, 2012	0.115
July 9, 2012	July 19, 2012	August 2, 2012	0.105
June 11, 2012	June 21, 2012	July 2, 2012	0.10
May 1, 2012	May 18, 2012	June 4, 2012	0.10
April 5, 2012	April 18, 2012	May 2, 2012	0.10
February 22, 2012	March 20, 2012	April 3, 2012	0.10
February 3, 2012	February 17, 2012	March 2, 2012	0.10
January 9, 2012	January 19, 2012	February 2, 2012	0.10
Total 2012			$ 1.055
Fiscal 2011			

December 6, 2011	December 15, 2011	December 29, 2011	$	0.10
November 1, 2011	November 18, 2011	December 2, 2011		0.09
October 7, 2011	October 19, 2011	November 2, 2011		0.08
September 12, 2011	September 20, 2011	October 4, 2011		0.08
August 2, 2011	August 19, 2011	September 2, 2011		0.08
July 7, 2011	July 18, 2011	August 1, 2011		0.07
June 6, 2011	June 16, 2011	June 30, 2011		0.05
Total 2011			$	0.55

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Tax characteristics of all dividends will be reported to shareholders on Form 1099 after the end of the calendar year. Our monthly dividends, if any, will be determined by our board of directors.

We intend to be taxed as a RIC under Subchapter M of the Code. To maintain our RIC status, we must distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, out of the assets legally available for distribution. In addition, although we typically would distribute net realized capital gains (net long-term capital gains in excess of short-term capital losses), if any, at least annually, out of the assets legally available for such distributions, we may in the future decide to retain such capital gains for investment.

We maintain an opt out dividend reinvestment plan for our common stockholders. As a result, if we declare a dividend, then stockholders cash dividends will be automatically reinvested in additional shares of our common stock, unless they specifically opt out of the dividend reinvestment plan so as to receive cash dividends.

Related Parties

We have entered into a number of business relationships with affiliated or related parties, including the following:

We have entered into an Investment Advisory and Management Agreement with Solar Capital Partners. Mr. Gross, our chairman and chief executive officer, is the managing member and a senior investment professional of, and has financial and controlling interests in, Solar Capital Partners. In addition, Mr. Spohler, our chief operating officer is a partner and a senior investment professional of, and has financial interests in, Solar Capital Partners.

Solar Capital Management provides us with the office facilities and administrative services necessary to conduct day-to-day operations pursuant to our Administration Agreement. We reimburse Solar Capital Management for the allocable portion of overhead and other expenses incurred by it in performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions, and the compensation of our chief compliance officer, our chief financial officer and any administrative support staff. Solar Capital Partners, our investment adviser, is the sole member of and controls Solar Capital Management.

We have entered into a license agreement with Solar Capital Partners, pursuant to which Solar Capital Partners has granted us a non-exclusive, royalty-free license to use the name Solar Senior Capital. In addition, Solar Capital Partners presently serves as investment adviser to Solar Capital Ltd., a publicly-traded business development company with investable capital of approximately $1.5 billion as of September 30, 2012 that invests primarily in the mezzanine debt and equity securities of middle-market leveraged companies similar to those we intend to target for investment. In addition, Mr. Gross, our chairman and chief executive officer, Mr. Spohler, our chief operating officer, and Mr. Peteka, our chief financial officer, serve in similar capacities for Solar Capital Ltd. Solar Capital Partners and its affiliates may also manage other funds in the future that may have investment mandates that are similar, in whole and in part, with ours. Solar Capital Partners and its affiliates may determine that an investment is appropriate for us and for Solar Capital Ltd. or one or more of those other funds. In such event, depending on the availability of such investment and other appropriate factors, Solar Capital Partners or its affiliates may determine that we should invest side-by-side with one or more other funds. Any such investments will be made only to the extent permitted by applicable law and interpretive positions of the SEC and its staff, and consistent with Solar Capital Partners allocation procedures.

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ADDITIONAL MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

As described more fully in the accompanying prospectus, we intend to qualify annually as a RIC under Subchapter M of the Code and the applicable Treasury regulations. The following discussion, which supplements and updates the discussion under the heading Material U.S. Federal Income Tax Considerations in the accompanying prospectus, is a summary of certain additional material U.S. federal income tax considerations.

Congress recently enacted, and the President recently signed, the American Taxpayer Relief Act of 2012 (ATRA). Among other things, ATRA provided for the permanent extension of the 2012 ordinary and long-term capital gains tax rates for individuals with taxable income at or below certain thresholds ($400,000 in the case of unmarried individuals and $450,000 in the case of married couples filing jointly). However, because ATRA did not extend the 2012 tax rates for all taxpayers, for taxable years beginning after December 31, 2012, non-corporate taxpayers will be subject to a maximum rate of tax on ordinary income of 39.6% and a maximum rate of tax on long-term capital gains of 20%.

ATRA also provided for a permanent extension of the taxation of qualified dividends received by non-corporate taxpayers at the same maximum rates applicable to long-term capital gains. Accordingly, distributions of our investment company taxable income that are reported by us as being derived from qualified dividend income will be taxed in the hands of non-corporate U.S. stockholders at the rates applicable to long-term capital gain, provided that holding period and other requirements are met by both the stockholders and us. As discussed in the accompanying prospectus, dividends distributed by us will generally not be attributable to qualified dividend income.

In addition, in the case of non-U.S. stockholders, ATRA provided for a one-year extension (as well as the retroactive application to the beginning of 2012) of the special exemption from withholding for interest-related dividends and short-term capital gain dividends. Accordingly, for taxable years beginning prior to January 1, 2014, U.S. source withholding taxes will not be imposed on dividends paid by us to the extent the dividends are reported as interest-related dividends or short-term capital gain dividends. No assurance can be given, however, as to whether this exemption will be extended for tax years beginning on or after January 1, 2014 or whether any of our distributions will be reported as eligible for this exemption from withholding tax.

Tax matters are very complicated and the tax consequences to an investor of an investment in our shares will depend on the facts of its particular situation. We encourage investors to consult their own tax advisors regarding the specific consequences of such an investment, including tax reporting requirements, the applicability of federal, state, local and foreign tax laws, eligibility for the benefits of any applicable tax treaty and the effect of any possible changes in the tax laws.

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UNDERWRITING

Citigroup Global Markets Inc. is acting as representative of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement, dated the date of this prospectus supplement, among us, Solar Capital Partners, Solar Capital Management and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the number of shares of our common stock set forth opposite its name below.

Underwriter	Number of Shares
Citigroup Global Markets Inc.	1,500,000
RBC Capital Markets, LLC	200,000
JMP Securities LLC	150,000
Ladenburg Thalmann & Co. Inc.	150,000
Total	2,000,000

The underwriting agreement provides that the obligations of the underwriters to purchase the shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the shares (other than those covered by the over-allotment option described below) if they purchase any of the shares.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase from us up to 300,000 additional shares of common stock at a price of $18.60 per share. The underwriters may exercise the option solely for the purpose of covering over-allotments, if any, in connection with this offering. To the extent the option is exercised, each underwriter must purchase a number of additional shares approximately proportionate to that underwriter s initial purchase commitment. Any shares issued or sold under the option will be issued and sold on the same terms and conditions as the other shares that are the subject of this offering.

We, Solar Capital Partners, Solar Capital Management and our officers and directors have agreed with the underwriters, subject to certain exceptions, not to issue, sell, dispose of or hedge any of our common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus supplement continuing through the date 45 days after the date of this prospectus supplement, except with the prior written consent of the representative. The representative in its sole discretion may release any of the securities subject to these lock-up agreements at any time without notice. The 45-day restricted period described in the preceding paragraph will be automatically extended if: (1) during the last 17 days of the -day restricted period we issue an earnings release or announce material news or a material event; or (2) prior to the expiration of the 45-day restricted period, we announce that we will release earnings results during the 16-day period following the last day of the 45-day period, in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release of the announcement of the material news or material event.

Our common stock is listed on the NASDAQ Global Select Market under the symbol SUNS .

The following table shows the underwriting discounts and commissions that we are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters option to purchase from us additional shares of common stock.

	Paid by Solar Senior Capital Ltd.	
	No Exercise	Full Exercise
Per share	$ 0.25	$ 0.25
Total	$ 500,000	$ 575,000

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The expenses of the offering that are payable by us are estimated to be $220,000.

In connection with the offering, the underwriters may purchase and sell shares in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions, which may include purchases pursuant to the over-allotment option, and stabilizing purchases.

Short sales involve secondary market sales by the underwriters of a greater number of shares than they are required to purchase in the offering.

- ¡ Covered short sales are sales of shares in an amount up to the number of shares represented by the underwriters over-allotment option.
- ¡ Naked short sales are sales of shares in an amount in excess of the number of shares represented by the underwriters over-allotment option.

Covering transactions involve purchases of shares either pursuant to the underwriters over-allotment option or in the open market in order to cover short positions.

- ¡ To close a naked short position, the underwriters must purchase shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.
- ¡ To close a covered short position, the underwriters must purchase shares in the open market or must exercise the over-allotment option. In determining the source of shares to close the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option.

Stabilizing transactions involve bids to purchase shares so long as the stabilizing bids do not exceed a specified maximum.

The underwriters may also impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the representative repurchases shares originally sold by that syndicate member in order to cover syndicate short positions or make stabilizing purchases.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the shares. They may also cause the price of the common stock to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriters may conduct these transactions on the NASDAQ Global Select Market or in the over-the-counter market, or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

In addition, in connection with this offering, some of the underwriters (and selling group members) may engage in passive market making transactions in the shares on the NASDAQ Global Select Market, prior to the pricing and completion of the offering. Passive market making consists of displaying bids on the NASDAQ Global Select Market no higher than the bid prices of independent market makers and making purchases at prices no higher than those independent bids and effected in response to order flow. Net purchases by a passive market maker on each day are limited to a specified percentage of the passive market maker s average daily trading volume in the shares during a specified period and must be discontinued when that limit is reached. Passive market making may cause the price of the shares to be higher than the price that otherwise would exist in the open market in the absence of those transactions. If the underwriters commence passive market making transactions, they may discontinue them at any time.

The underwriters are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The underwriters and their respective affiliates have in the past performed commercial banking, investment banking and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates.

Affiliates of certain of the underwriters serve as agents and/or lenders under the Credit Facility. Certain of the underwriters and their affiliates were underwriters in connection with our initial public offering, for which they received customary fees.

The net proceeds from the sale of our common stock in this offering are expected to be used to temporarily pay down outstanding indebtedness under our Credit Facility and for general corporate purposes. Affiliates of the underwriters are lenders under our Credit Facility. Accordingly, affiliates of certain of the underwriters may receive more than 5% of the net proceeds of this offering to the extent such proceeds are used to repay outstanding indebtedness under our Credit Facility.

Because the Financial Industry Regulatory Authority, or FINRA, views the common stock offered hereby as interests in a direct participation program, the offering is being made in compliance with the requirements of FINRA Rule 2310. In compliance with such requirements, the underwriting discounts and commissions in connection with the sale of securities will not exceed 10.0% of gross proceeds of this offering. Investor suitability with respect to the common stock should be judged similarly to suitability with respect to other securities that are listed for trading on a national securities exchange.

Certain of the underwriters or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. A typical such hedging strategy would include these underwriters or their affiliates hedging such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

We, Solar Capital Partners and Solar Capital Management have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of shares described in this prospectus supplement may not be made to the public in that relevant member state other than:

to any legal entity which is a qualified investor as defined in the Prospectus Directive;

to fewer than 100 or, if the relevant member state has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by us for any such offer; or

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in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For purposes of this provision, the expression an offer of securities to the public in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe for the shares, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant member state) and includes any relevant implementing measure in the relevant member state. The expression 2010 PD Amending Directive means Directive 2010/73/EU.

The sellers of the shares have not authorized and do not authorize the making of any offer of shares through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the shares as contemplated in this prospectus supplement. Accordingly, no purchaser of the shares, other than the underwriters, is authorized to make any further offer of the shares on behalf of the sellers or the underwriters.

Notice to Prospective Investors in the United Kingdom

This prospectus supplement and the accompanying prospectus are only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a relevant person). This prospectus supplement and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Notice to Prospective Investors in France

Neither this prospectus supplement nor any other offering material relating to the shares described in this prospectus supplement has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or of the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers.* The shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus supplement nor any other offering material relating to the shares has been or will be:

released, issued, distributed or caused to be released, issued or distributed to the public in France; or

used in connection with any offer for subscription or sale of the shares to the public in France.

Such offers, sales and distributions will be made in France only:

to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d investisseurs*), in each case investing for their own account, all as defined in, and in accordance with articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*;

to investment services providers authorized to engage in portfolio management on behalf of third parties; or

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in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French *Code monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l épargne*).

The shares may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier*.

Notice to Prospective Investors in Hong Kong

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

Notice to Prospective Investors in Japan

The shares offered in this prospectus supplement have not been and will not be registered under the Financial Instruments and Exchange Law of Japan. The shares have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (including any corporation or other entity organized under the laws of Japan), except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

Notice to Prospective Investors in Singapore

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

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares,

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debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

where no consideration is or will be given for the transfer; or

where the transfer is by operation of law.

The principal business address of Citigroup Global Markets Inc. is 388 Greenwich Street, New York, New York 10013.

LEGAL MATTERS

Certain legal matters in connection with the securities offered hereby will be passed upon for us by Sutherland Asbill & Brennan LLP, Washington, DC, and Venable LLP, Baltimore, Maryland. Certain legal matters in connection with the securities offered hereby will be passed upon for the underwriters by Simpson Thacher & Bartlett LLP, New York, NY.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP, our independent registered public accounting firm located at 345 Park Avenue, New York, New York 10154, has audited our financial statements as of December 31, 2011 and for the period from January 28, 2011 (commencement of operations) to December 31, 2011. We have included our financial statements in the accompanying prospectus and elsewhere in the registration statement in reliance on such reports, given on their authority as experts in accounting and auditing.

With respect to the unaudited interim financial information for the periods ended September 30, 2012 and 2011, included herein, the independent registered public accounting firm has reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included in our quarterly report on Form 10-Q for the quarter ended September 30, 2012, and included herein, states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. The accountants are not subject to the liability provisions of Section 11 of the Securities Act for their report on the unaudited interim financial information because that report is not a report or a part of the registration statement prepared or certified by the accountants within the meaning of Sections 7 and 11 of the Securities Act.

AVAILABLE INFORMATION

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

We are required to file with or submit to the SEC annual, quarterly and current periodic reports, proxy statements and other information meeting the informational requirements of the Exchange Act. You may inspect and copy these reports, proxy statements and other information, as well as the registration statement and related exhibits and schedules, at the Public Reference Room of the SEC at 100 F Street, NE, Washington, D.C. 20549.

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You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information filed electronically by us with the SEC which are available on the SEC s website at *http://www.sec.gov*. Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing to the SEC s Public Reference Section, Washington, D.C. 20549. This information will also be available free of charge by contacting us at Solar Capital Ltd., 500 Park Avenue, New York, NY 10022, by telephone at (212) 993-1670, or on our website at *http://www.solarseniorcap.com*.

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SOLAR SENIOR CAPITAL LTD.

CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES

(in thousands, except shares)

	September 30, 2012 (unaudited)	December 31, 2011
Assets		
Non-controlled, non-affiliated investments, at fair value (cost: $233,680 and $180,023, respectively)	$ 234,951	$ 177,749
Cash and cash equivalents	3,631	2,934
Receivable for investments sold	5,018	4,931
Interest receivable	1,446	1,687
Deferred offering costs	89	
Prepaid expenses and other receivables	24	94
Total Assets	245,159	187,395
Liabilities		
Credit facility payable, at fair value (cost: $55,900 and $8,600, respectively)	55,900	8,600
Payable for investments purchased	9,925	4,912
Dividends payable	1,121	
Investment advisory and management fee payable	594	944
Accrued performance-based incentive fees	331	
Administrative service fees payable	270	141
Other accrued expenses and payables	320	363
Total Liabilities	68,461	14,960
Net Assets		
Common stock, par value $0.01 per share, 9,500,100 and 9,500,100 shares issued and outstanding, respectively, 200,000,000 authorized	95	95
Paid-in capital in excess of par	177,827	177,815
Distributions in excess of net investment income	(2,463)	(2,625)
Accumulated net realized loss on investments	(32)	(576)
Net unrealized appreciation (depreciation) on investments	1,271	(2,274)
Total Net Assets	$ 176,698	$ 172,435
Number of shares outstanding	9,500,100	9,500,100
Net Asset Value Per Share	$ 18.60	$ 18.15

See notes to the consolidated financial statements.

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SOLAR SENIOR CAPITAL LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

(in thousands, except shares)

	For the three months ended September 30, 2012	For the three months ended September 30, 2011	For the nine months ended September 30, 2012	For the period January 28, 2011 [1] to September 30, 2011
INVESTMENT INCOME [2]:				
Interest income	$ 4,890	$ 2,874	$ 14,398	$ 4,336
EXPENSES:				
Investment advisory and management fees	594	334	1,635	490
Interest and other credit facility expenses	407	52	1,046	
Performance-based incentive fees	244	(64)	743	
Administrative service fee	170	87	660	206
Insurance expense	102	101	301	242
Other general and administrative expenses	372	234	892	594
Total expenses before debt issuance costs	1,889	744	5,277	1,532
Debt issuance costs		2,774	53	2,774
Total expenses	1,889	3,518	5,330	4,306
Net investment income	3,001	(644)	9,068	30
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS [2]:				
Net realized gain	143	89	544	89
Net change in unrealized gain (loss)	663	(4,933)	3,545	(4,615)
Net realized and unrealized gain (loss) on investments	806	(4,844)	4,089	(4,526)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	$ 3,807	$ (5,488)	$ 13,157	$ (4,496)
EARNINGS (LOSS) PER SHARE	$ 0.40	$ (0.58)	$ 1.38	$ (0.54)

(1) Commencement of operations
(2) From non-controlled, non-affiliated investments

See notes to the consolidated financial statements.

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SOLAR SENIOR CAPITAL LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(in thousands, except shares)

	For the nine months ended September 30, 2012 (unaudited)	For the period January 28, 2011 (1) to December 31, 2011
Increase (decrease) in net assets resulting from operations:		
Net investment income	$ 9,068	$ 2,600
Net realized gain (loss) on investments	544	(576)
Net change in unrealized gain (loss) on investments	3,545	(2,274)
Net increase (decrease) in net assets resulting from operations	13,157	(250)
Dividends to shareholders	(8,906)	(5,225)
Capital share transactions:		
Proceeds from shares sold		190,002
Common stock offering costs and other	12	(12,092)
Net increase in net assets resulting from capital share transactions	12	177,910
Net increase in net assets	4,263	172,435
Net assets at beginning of period	172,435	
Net assets at end of period	$ 176,698	$ 172,435

(1) Commencement of operations

See notes to the consolidated financial statements.

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SOLAR SENIOR CAPITAL LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(in thousands except shares)

	For the nine months ended September 30, 2012	For the period January 28, 2011 (1) to September 30, 2011
Cash Flows from Operating Activities:		
Net increase (decrease) in net assets from operations	$ 13,157	$ (4,496)
Adjustments to reconcile net increase in net assets from operations to net cash used in operating activities:		
Net realized (gain) on investments	(544)	(89)
Net change in unrealized (gain) loss on investments	(3,545)	4,615
Debt issuance costs	53	2,774
(Increase) decrease in operating assets:		
Purchase of investment securities	(134,825)	(152,524)
Proceeds from disposition of investment securities	81,712	9,586
Receivable for investments sold	(87)	(1,990)
Deferred offering costs	(89)	
Interest receivable	241	(1,244)
Prepaid expenses and other receivables	70	(156)
Increase (decrease) in operating liabilities:		
Payable for investments purchased	5,013	4,700
Investment advisory and management fee payable	(350)	490
Accrued performance-based incentive fees	331	
Administrative service fees payable	129	115
Debt issuance costs payable		300
Offering costs payable		222
Other accrued expenses and payables	(43)	362
Net Cash Used in Operating Activities	(38,777)	(137,535)
Cash Flows from Financing Activities:		
Proceeds from shares sold		190,002
Common stock offering costs and other	12	(12,111)
Dividends paid	(7,785)	(1,900)
Debt issuance costs	(53)	(2,774)
Proceeds from borrowings	99,583	
Repayments of borrowings	(52,283)	
Net Cash Provided by Financing Activities	39,474	173,217
NET INCREASE IN CASH AND CASH EQUIVALENTS	697	35,882
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,934	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 3,631	$ 35,882
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 645	$

Cash paid for income taxes	$	99	$

(1) Commencement of operations

See notes to the consolidated financial statements.

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SOLAR SENIOR CAPITAL LTD.

CONSOLIDATED SCHEDULE OF INVESTMENTS (unaudited)

September 30, 2012

(in thousands, except shares)

Description [1]	Industry	Interest [2]	Basis Point Spread Above Index [5]	Maturity	Par Amount	Cost	Fair Value
Bank Debt/Senior Secured Investments 129.0%							
AmeriQual Group, LLC	Food Products	6.50%	L+500	3/28/2016	$ 12,522	$ 12,382	$ 12,084
Amwins Group, LLC	Insurance	9.25%	L+800	12/6/2019	2,500	2,452	2,500
ATI Holdings, Inc. [6]	Healthcare, Education & Childcare	7.50%	L+550	3/12/2016	12,933	12,879	12,804
Attachmate Corporation [4]	Software	7.25%	L+575	11/22/2017	11,775	11,556	11,896
Asurion, LLC	Insurance	9.00%	L+750	5/24/2019	4,793	4,758	4,972
Bellisio Foods, Inc. [4]	Food Products	7.00%	L+550	12/16/2017	4,740	4,698	4,740
BJ s Wholesale Club, Inc.	Food & Staples Retailing	9.75%	L+850	3/26/2020	5,000	4,950	4,950
Catapult Learning LLC [6]	Education Services	7.50%	L+600	4/5/2017	3,950	3,887	3,812
Citadel Plastics Holdings, Inc. [4]	Chemicals, Plastics & Rubber	6.75%	L+525	2/28/2018	4,988	4,942	4,988
EIG Investors Corp. [4]	Internet Software & Services	7.75%	L+625	12/22/2017	11,970	11,859	12,030
EIG Investors Corp. 2nd lien	Internet Software & Services	11.00%	L+950	10/22/2018	4,000	3,922	4,000
Engineering Solutions & Products, LLC	Aerospace & Defense	7.75%	L+625	4/21/2017	10,264	9,970	8,211
FleetPride Corporation [4]	Cargo Transport	6.75%	L+550	12/6/2017	9,950	9,805	9,950
Grocery Outlet Inc.	Grocery	10.50%	L+900	12/15/2017	6,304	6,135	6,336
Hoffmaster Group, Inc. [4]	Paper & Forest Products	6.50%	L+525	1/3/2018	3,000	2,972	2,970
Hoffmaster Group, Inc. 2nd Lien	Paper & Forest Products	10.25%	L+900	1/3/2019	4,963	4,939	4,938
Insight Pharmaceuticals LLC [4]	Personal & Nondurable Consumer Products	7.50%	L+600	8/26/2016	7,920	7,824	7,920
KIK Custom Products, Inc.	Diversified / Conglomerate Service	8.50%	L+700	5/31/2014	14,762	14,505	14,762
Landslide Holdings, Inc. [4]	Software	7.00%	L+575	6/19/2018	4,938	4,845	4,938
Marshall Retail Group, LLC [6]	Specialty Retail	8.00%	L+650	10/19/2016	4,812	4,752	4,812
National Vision, Inc. [6]	Specialty Retail	7.00%	L+575	8/2/2018	10,000	9,856	10,000
Porex Corporation [6]	Chemicals, Plastics & Rubber	6.75%	L+525	3/31/2015	4,500	4,453	4,500
Renaissance Learning, Inc. [6]	Education Services	7.75%	L+625	10/19/2017	7,920	7,646	7,920
Shield Finance Co. SARL [3,6,7]	IT Services	6.50%	L+525	6/15/2016	9,975	9,833	9,975
Shoes for Crews, Inc. [6]	Textiles & Leather	6.50%	L+500	3/27/2017	4,815	4,804	4,815
Six3 Systems, Inc. [6]	Aerospace & Defense	6.00%	L+400	12/31/2014	9,639	9,558	9,639
Smart Balance, Inc. [4]	Food Products	7.00%	L+575	7/2/2018	3,990	3,913	3,990
Sotera Defense Solutions, Inc.	Aerospace & Defense	7.00%	L+550	4/22/2017	7,900	7,837	7,821
SLT Environmental, Inc. [6]	Chemicals, Plastics & Rubber	7.00%	L+550	5/27/2016	9,975	9,862	9,875
T&D Solutions	Utilities	13.00%		1/29/2015	3,491	3,491	3,491
Things Remembered, Inc. [6]	Specialty Retail	8.00%	L+650	5/24/2018	9,000	8,830	8,910
Water Pik, Inc [6]	Personal & Nondurable Consumer Products	6.75%	L+525	8/10/2017	3,443	3,414	3,443
Total Bank Debt/Senior Secured Investments					$ 230,732	$ 227,529	$ 227,992

Unsecured Bank Debt/Bonds 4.0%							
Apollo Investment Corporation [7]	Finance	5.75%		1/15/2016	3,650	3,235	3,759
Asurion Holdco [8]	Insurance	11.00%	L+950	3/2/2019	3,000	2,916	3,200
Unsecured Bank Debt/Bonds					$ 6,650	$ 6,151	$ 6,959
Total Investments [9] 133.0%					$ 237,382	$ 233,680	$ 234,951
Liabilities in Excess of Other Assets (33.0%)							(58,253)
Net Assets 100.0%							$ 176,698

(1) We generally acquire our investments in private transactions exempt from registration under the Securities Act of 1933, as amended (the Securities Act). Our investments are therefore generally subject to certain limitations on resale, and may be deemed to be restricted securities under the Securities Act. As of September 30, 2012, we do not hold any equity interests in our investments.

(2) Variable rate debt investments may bear interest at a rate determined by reference to either the London Interbank Offer Rate (LIBOR or L) index rate or the prime index rate (PRIME or P), and which typically reset monthly, quarterly or semi-annually. For each debt investment we have provided the current interest rate in effect as of September 30, 2012. As of September 30, 2012 all investments are paying cash interest.

(3) Shield Finance Co. SARL is domiciled in Luxembourg and is denominated in U.S. dollars. All other investments are domiciled in the United States.

(4) Indicates an investment partially held by Solar Senior Capital Ltd. through its wholly-owned subsidiary SUNS SPV LLC. Such investments are pledged as collateral under the Senior Secured Revolving Credit Facility (see Note 5 to the consolidated financial statements) and are not generally available to the creditors, if any, of Solar Senior Capital Ltd. Par amounts held through SUNS SPV LLC include: Attachmate Corporation $9,813; Bellisio Foods, Inc. $3,792; Citadel Plastics Holdings, Inc. $3,990; EIG Investors Corp. $5,985; FleetPride Corporation $6,965; Hoffmaster Group, Inc. $3,970; Insight Pharmaceuticals LLC $5,459; Landslide Holdings, Inc. $1,975; and Smart Balance, Inc. $1,995. Remaining par balances are held directly by Solar Senior Capital Ltd.

(5) Floating rate instruments accrue interest at a predetermined spread relative to an index, typically the LIBOR or PRIME rate. These instruments are typically subject to a LIBOR or PRIME rate floor.

(6) Indicates an investment held by Solar Senior Capital Ltd. through its wholly-owned subsidiary SUNS SPV LLC. (See Note 4 above for further explanation.)

(7) Indicates assets that the Company believes do not represent qualifying assets under Section 55(a) of the Investment Company Act of 1940, as amended. Qualifying assets must represent at least 70% of the Company s total assets at the time of acquisition of any additional non-qualifying assets.

(8) Asurion Holdco has the option to pay interest in kind at L+1025 if certain specified conditions are met.

(9) Aggregate gross unrealized appreciation for federal income tax purposes is $1,310; aggregate gross unrealized depreciation for federal tax purposes is $3,132. Net unrealized depreciation is $1,822 based on a tax cost of $236,773.

See notes to the consolidated financial statements.

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SOLAR SENIOR CAPITAL LTD.

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)

September 30, 2012

(unaudited)

Industry Classification	**Percentage of Total Investments (at fair value)**
Aerospace & Defense	11%
Specialty Retail	10%
Food Products	9%
Chemicals, Plastics & Rubber	9%
Software	7%
Internet Software & Services	7%
Diversified / Conglomerate Service	6%
Education Services	5%
Healthcare, Education & Childcare	5%
Insurance	5%
Personal & Nondurable Consumer Products	5%
Cargo Transport	4%
IT Services	4%
Paper & Forest Products	3%
Grocery	3%
Textiles & Leather	2%
Finance	2%
Food & Staples Retailing	2%
Utilities	1%
	100%

See notes to the consolidated financial statements.

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SOLAR SENIOR CAPITAL LTD.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2011

(in thousands, except shares)

Description [1]	Industry	Interest [2]	Basis Point Spread Above Index	Maturity	Par Amount	Cost	Fair Value
Bank Debt/Senior Secured Investments 101.3%							
AmeriQual Group, LLC	Beverage, Food & Tobacco	6.50%	L+500[5]	3/28/2016	$ 13,670	$ 13,494	$ 12,646
ATI Holdings, Inc. [4]	Healthcare, Education & Childcare	7.50%	L+550[5]	3/12/2016	7,983	7,947	7,942
Asurion, LLC	Insurance	9.00%	L+750[5]	5/24/2019	10,750	10,684	10,620
Bellisio Foods, Inc. [4]	Beverage, Food & Tobacco	7.00%	L+550[5]	12/16/2017	5,000	4,950	4,950
Decision Resources, LLC	Healthcare, Education & Childcare	9.50%	L+800[5]	5/6/2018	16,000	15,851	15,360
EIG Investors Corp. [4]	Personal, Food & Misc. Services	7.75%	L+625[5]	12/22/2017	8,000	7,841	7,840
Engineering Solutions & Products, LLC	Aerospace & Defense	7.75%	L+625[5]	4/21/2017	10,667	10,325	9,600
FleetPride Corporation [4]	Cargo Transport	6.75%	L+550[5]	12/6/2017	8,000	7,842	7,920
Grocery Outlet Inc.	Grocery	10.50%	L+900[5]	12/15/2017	6,400	6,209	6,208
Hearthside Food Solutions, LLC [4]	Beverage, Food & Tobacco	8.00%	P+475[5]	5/10/2016	18,884	18,456	18,601
Hoffmaster Group, Inc. [4]	Personal & Nondurable Consumer Products	7.00%	L+550[5]	1/3/2018	5,000	4,900	4,900
Insight Pharmaceuticals LLC [4]	Personal & Nondurable Consumer Products	7.50%	L+600[5]	8/26/2016	7,980	7,867	7,860
KIK Custom Products, Inc.	Diversified / Conglomerate Service	8.50%	L+700[5]	5/31/2014	19,900	19,408	19,303
Marshall Retail Group, LLC [4]	Retail Stores	8.00%	L+650[5]	10/19/2016	5,000	4,928	4,950
Porex Corporation [4]	Chemicals, Plastics & Rubber	6.75%	L+525[5]	3/31/2015	4,787	4,724	4,643
Renaissance Learning, Inc. [4]	Healthcare, Education & Childcare	7.75%	L+625[5]	10/19/2017	7,980	7,669	7,820
Sotera Defense Solutions, Inc.	Aerospace & Defense	7.00%	L+550[5]	4/22/2017	7,960	7,888	7,841
Shield Finance Co. SARL [3][4][6]	Telecommunications	7.63%	L+562.5[5]	6/15/2016	4,975	4,952	4,851
STHI Holding Corp.	Healthcare, Education & Childcare	8.00%		3/18/2018	3,000	3,000	3,105
Water Pik, Inc [4]	Personal & Nondurable Consumer Products	6.75%	L+525[5]	8/10/2017	7,980	7,904	7,741
Total Bank Debt/Senior Secured Investments 101.3%					$ 179,916	$ 176,839	$ 174,701
Unsecured Bonds 1.8%							
Apollo Investment Corporation [6]	Finance	5.75%		1/15/2016	3,650	3,184	3,048
Total Unsecured Bonds 1.8%					$ 3,650	$ 3,184	$ 3,048
Total Investments 103.1%					$ 183,566	$ 180,023	$ 177,749
Liabilities in Excess of Other Assets (3.1%)							(5,314)
Net Assets 100.0%							$ 172,435

(1) We generally acquire our investments in private transactions exempt from registration under the Securities Act of 1933, as amended (the Securities Act). Our investments are therefore generally subject to certain limitations on resale, and may be deemed to be restricted securities under the Securities Act. As of December 31, 2011, we do not hold any equity interests in our investments.

(2) Variable rate debt investments may bear interest at a rate determined by reference to either the London Interbank Offer Rate (LIBOR or L) index rate or the prime index rate (PRIME or P), and which may reset monthly, quarterly or semi-annually. For each debt investment we have provided the current interest rate in effect as of December 31, 2011 or the expected reset rate if lower. As of December 31, 2011 all investments are paying cash interest.

(3) Shield Finance Co. SARL is domiciled in Luxembourg and is denominated in U.S. dollars. All other investments are domiciled in the United States.

(4) Indicates an investment partially held by Solar Senior Capital Ltd. through its wholly-owned subsidiary SUNS SPV LLC. Such investments are pledged as collateral under the Senior Secured Revolving Credit Facility (see Note 5 to the consolidated financial statements) and are not generally available to the creditors of Solar Senior Capital Ltd. Par amounts held through Solar SPV LLC include: ATI Holdings, Inc. $5,495; Bellisio Foods, Inc. $4,000; EIG Investors Corp. $6,000; FleetPride Corporation $5,000; Hearthside Food Solutions LLC $7,337; Hoffmaster Group, Inc. $4,000; Insight Pharmaceutical LLC $5,500; Marshall Retail Group, LLC $4,000; Porex Corporation $2,909; Renaissance Learning, Inc $5,985; Shield Finance Co. SARL $3,990; and Water Pik, Inc. $5,500. Remaining par balances are held directly by Solar Senior Capital Ltd.

(5) Represents floating rate instruments that accrued interest at a predetermined spread relative to an index, typically the LIBOR or PRIME rate. These instruments are subject to a LIBOR or PRIME rate floor.

(6) Indicates assets that the Company believes do not represent qualifying assets under Section 55(a) of the Investment Company Act of 1940, as amended. Qualifying assets must represent at least 70% of the Company s total assets at the time of acquisition of any additional non-qualifying assets.

See notes to the consolidated financial statements.

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CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)

December 31, 2011

Industry Classification	Percentage of Total Investments (at fair value) as of December 31, 2011
Beverage, Food & Tobacco	20%
Healthcare, Education & Childcare	19%
Personal & Nondurable Consumer Products	12%
Diversified / Conglomerate Service	11%
Aerospace & Defense	10%
Insurance	6%
Cargo Transport	4%
Personal, Food & Misc. Services	4%
Grocery	3%
Retail Stores	3%
Telecommunications	3%
Chemicals, Plastics & Rubber	3%
Finance	2%
	100%

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Note 1. Organization

Solar Senior Capital Ltd. (Solar Senior or the Company), a Maryland corporation formed on December 16, 2010, is a closed-end, externally managed, non-diversified management investment company that has elected to be treated as a business development company (BDC) under the Investment Company Act of 1940, as amended (the 1940 Act). In addition, for tax purposes the Company intends to be treated as a regulated investment company (RIC) under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code).

On January 28, 2011, Solar Senior was capitalized with initial equity of $2 and commenced operations. On February 24, 2011, Solar Senior priced its initial public offering, selling 9.0 million shares, including the underwriters over-allotment, at a price of $20.00 per share. Concurrent with this offering, management purchased an additional 500,000 shares through a private placement, also at $20.00 per share.

Solar Senior invests primarily in U.S. middle-market companies, where the Company believes the supply of primary capital is limited and the investment opportunities are the most attractive. The Company s investment objective is to seek to maximize current income consistent with the preservation of capital. The Company seeks to achieve its investment objective by investing primarily in senior secured loans, including first lien, unitranche and second lien debt instruments, made primarily to private middle-market companies whose debt is rated below investment grade, which the Company refers to collectively as senior loans. The Company may also invest in debt of public companies that are thinly traded. Under normal market conditions, at least 80% of the value of the Company s net assets will be invested in senior loans.

Note 2. Significant Accounting Policies

Basis of Presentation The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP) and include the accounts of the Company and its wholly-owned financing subsidiary, SUNS SPV LLC (the SPV), a Delaware limited liability company formed on June 24, 2011, in order to establish a senior secured revolving credit facility (the Credit Facility). The consolidated financial statements reflect all adjustments and reclassifications which, in the opinion of management, are necessary for the fair presentation of the results of the operations and financial condition for the periods presented. All significant intercompany balances and transactions have been eliminated. Certain prior period amounts have been reclassified to conform to current year presentation.

Interim financial statements are prepared in accordance with GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Articles 6 or 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for annual financial statements. In the opinion of management, all adjustments, consisting solely of normal recurring accruals considered necessary for the fair presentation of financial statements for the interim period, have been included. The current period s results of operations will not necessarily be indicative of results that ultimately may be achieved for the fiscal year ending December 31, 2012.

Investments The Company conducts the valuation of its assets in accordance with GAAP and the 1940 Act. The Company generally values its assets on a quarterly basis, or more frequently if required under the 1940 Act. Securities transactions are accounted for on trade date.

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Securities for which market quotations are readily available on an exchange are valued at the closing price on the date of valuation. The Company may also obtain quotes with respect to certain of its investments from pricing services or brokers or dealers in order to value assets. When doing so, management determines whether the quote obtained is sufficient according to GAAP to determine the fair value of the security. If determined reliable, the Company uses the quote obtained.

Securities for which reliable market quotations are not readily available or for which the pricing sources do not provide a valuation or methodology or provide a valuation or methodology that, in the judgment of Solar Capital Partners, LLC (the Investment Adviser) or the Company s board of directors (the Board), does not represent fair value, shall each be valued as follows: (i) each portfolio company or investment is initially valued by the investment professionals responsible for the portfolio investment; (ii) preliminary valuation conclusions are documented and discussed with senior management; (iii) independent third-party valuation firms engaged by, or on behalf of, the Board will conduct independent appraisals and review management s preliminary valuations and make their own assessment for (a) each portfolio investment that, when taken together with all other investments in the same portfolio company, exceeds 10% of total assets, plus available borrowings, as of the end of the most recently completed fiscal quarter, and (b) each portfolio investment that is presently in default; and (iv) the Board will discuss valuations and determine the fair value of each investment in our portfolio in good faith based on the input of the Investment Adviser and, where appropriate, the respective third-party valuation firms.

The recommendation of fair value will generally consider one or more of the following factors, as relevant: the nature and realizable value of any collateral; the portfolio company s ability to make payments; the portfolio company s earnings and discounted cash flow; the markets in which the issuer does business; and yield comparisons to publicly traded securities and indices.

When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, the Company will consider the pricing indicated by the external event to corroborate the valuation. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material.

Investments of sufficient credit quality purchased within 60 days of maturity are valued at cost plus accreted discount, or minus amortized premium, which approximates fair value.

Credit Facility The Company has made an irrevocable election to apply the fair value option of accounting to the Credit Facility, in accordance with Accounting Standards Codification (ASC) 825-10. The Company uses an independent third-party valuation firm to assist in measuring the fair value of our Credit Facility.

Cash and Cash Equivalents Cash and cash equivalents include investments in money market accounts or investments with original maturities of three months or less.

Revenue Recognition The Company s revenue recognition policies are as follows:

Sales: Gains or losses on the sale of investments are calculated by using the specific identification method.

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Interest Income: Interest income, adjusted for amortization of premium and accretion of discount, is recorded on an accrual basis. Origination, closing and/or commitment fees associated with investments in portfolio companies are accreted into interest income over the respective terms of the applicable loans. Upon the prepayment of a loan or debt security, any prepayment penalties and unamortized loan origination, closing and commitment fees are recorded as part of interest income. The Company may purchase loans in its portfolio that contain a payment-in-kind (PIK) provision. PIK interest is accrued at the contractual rates and added to the loan principal on the payment/recapitalization dates.

Non-accrual: Loans are placed on non-accrual status when principal or interest payments are past due 30 days or more or when there is reasonable doubt that principal or interest will be collected. Accrued interest is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management s judgment. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in management s judgment, are likely to remain current.

U.S. Federal Income Taxes The Company intends to be treated as a RIC under subchapter M of the Code and operates in a manner so as to qualify for the tax treatment applicable to RICs. In order to qualify as a RIC, among other things, the Company is required to timely distribute to its stockholders at least 90% of investment company taxable income, as defined by the Code, for each year. The Company, among other things, intends to make the requisite distributions to its stockholders, which will generally relieve the Company from U.S. federal income taxes.

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

The Company evaluates tax positions taken or expected to be taken in the course of preparing its financial statements to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are reversed and recorded as a tax benefit or expense in the current year. All penalties and interest associated with income taxes would be included in income tax expense, if any. Conclusions regarding tax positions are subject to review and may be adjusted at a later date based on factors including, but not limited to, on-going analyses of tax laws, regulations and interpretations thereof. The Company did not have any uncertain tax positions that met the recognition or measurement criteria of the guidance nor did the Company have any unrecognized tax benefits as of the periods presented herein.

Capital Accounts Certain capital accounts including undistributed net investment income or distributions in excess of net investment income, accumulated net realized gain or loss, net unrealized appreciation or depreciation on investments, and paid in capital in excess of par, are adjusted, at least annually, for permanent differences between book and tax. Such adjustments do not impact net asset value or earnings per share. In addition, the character of income and gains to be distributed is determined in accordance with income tax regulations that may differ from GAAP.

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Dividends Dividends and distributions to common stockholders are recorded on the ex-dividend date. Monthly dividend payments are determined by the Board and are generally based upon taxable earnings estimated by management. Net realized capital gains, if any, are typically distributed at least annually, although the Company may decide to retain such capital gains for investment. The Company has adopted a dividend reinvestment plan that provides for reinvestment of any distributions the Company declares in cash on behalf of its stockholders, unless a stockholder elects to receive cash. As a result, if the Board authorizes and declares a cash dividend, then the Company s stockholders who have not opted out of the dividend reinvestment plan will have their cash dividends automatically reinvested in additional shares of its common stock, rather than receiving the cash dividend. While the Company can use newly issued shares to implement the plan, the Company may purchase shares in the open market in connection with its obligations under the dividend reinvestment plan.

Deferred Offering Costs The Company records expenses related to shelf registration statement filings and other applicable offering costs as prepaid assets. These expenses are charged as a reduction of capital upon utilization, in accordance with the ASC 946-20-25.

Use of Estimates in the Preparation of Financial Statements The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reported period. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ materially.

Subsequent Events Evaluation The Company has evaluated the need for disclosures and/or adjustments resulting from subsequent events through the date the financial statements were issued and determined that none are required.

Note 3. Investments

Investments consisted of the following as of September 30, 2012 and December 31, 2011:

	September 30, 2012		December 31, 2011	
	Cost	Fair Value	Cost	Fair Value

Bank Debt/Senior Secured Investments	$ 227,529	$ 227,992	$ 176,839	$ 174,701
Unsecured Bank Debt/Bonds	6,151	6,959	3,184	3,048
Total	$ 233,680	$ 234,951	$ 180,023	$ 177,749

There were no non-accrual assets as of September 30, 2012 or December 31, 2011.

Note 4. Agreements

Solar Senior has an Investment Advisory and Management Agreement with the Investment Adviser, under which the Investment Adviser manages the day-to-day operations of, and provides investment advisory services to, Solar Senior. For providing these services, the Investment Adviser receives a fee from Solar Senior, consisting of two components a base management fee and an incentive fee. The base management fee is calculated at an annual rate of 1.00% of gross assets. For services rendered under the Investment Advisory and Management Agreement, the base management fee is payable quarterly in arrears. The base management fee is

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calculated based on the average value of our gross assets at the end of the two most recently completed calendar quarters. Base management fees for any partial month or quarter is appropriately pro-rated.

The incentive fee has two parts, as follows: one is calculated and payable quarterly in arrears based on our pre-incentive fee net investment income for the immediately preceding calendar quarter. For this purpose, pre-incentive fee net investment income means interest income, dividend income and any other income (other than fees for providing managerial assistance) accrued during the calendar quarter, minus our operating expenses for the quarter (excluding the incentive fee). Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with pay-in-kind interest and zero-coupon securities), accrued income that we have not yet received in cash. Pre-incentive fee net investment income does not include any realized capital gains, computed net of all realized capital losses or unrealized capital appreciation or depreciation. Pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets at the end of the immediately preceding calendar quarter, is compared to a hurdle of 1.75% per quarter (7.00% annualized). The Company pays the Investment Adviser an incentive fee with respect to pre-incentive fee net investment income in each calendar quarter as follows:

- no incentive fee in any calendar quarter in which our pre-incentive fee net investment income does not exceed the hurdle of 1.75%;

- 50% of pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle but is less than 2.9167% in any calendar quarter (11.67% annualized);

and

- 20% of the amount of pre-incentive fee net investment income, if any, that exceeds 2.9167% in any calendar quarter (11.67% annualized) will be payable to the Investment Adviser.

For the quarter ended September 30, 2012, the pre-incentive net investment income was above the hurdle and $84 was accrued for the related incentive fee.

The second part of the incentive fee is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory and Management Agreement, as of the termination date), and equals 20% of realized capital gains, if any, on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses on a cumulative basis and gross unrealized capital depreciation, less the aggregate amount of any previously paid capital gain incentive fees. For financial statement presentation purposes only, a fee is accrued to include unrealized capital appreciation. As of September 30, 2012, the Company has recorded $247 as an accrued capital gains based incentive fee.

Solar Senior has also entered into an Administration Agreement with Solar Capital Management, LLC (the Administrator) under which the Administrator provides administrative services for Solar Senior. For providing these services, facilities and personnel, Solar Senior reimburses the Administrator for Solar Senior s allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations under the Administration Agreement, including rent. The Administrator will also provide, on Solar Senior s behalf, managerial assistance to those portfolio companies to which Solar Senior is required to provide such assistance.

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Note 5. Borrowing Facilities

Senior Secured Revolving Credit Facility On August 26, 2011, the Company established a $200 million senior secured revolving credit facility with Citigroup Global Markets Inc. acting as administrative agent. In connection with this senior secured revolving credit facility, the SPV, as borrower, entered into a Loan and Servicing Agreement, dated as of August 26, 2011 (the Loan and Servicing Agreement), whereby the Company transferred certain loans it has originated or acquired or will originate or acquire (the Loans) from time to time to the SPV via a Contribution Agreement, dated as of August 26, 2011 (the Contribution Agreement). The Contribution Agreement, together with the Loan and Servicing Agreement and various supporting documentation form the Credit Facility.

The Credit Facility, among other things, matures on August 26, 2016 and generally bears interest at a rate of LIBOR plus 2.25%. Under the Credit Facility, $150 million will be available initially with an additional $50 million available as a delayed draw. The Credit Facility can also be expanded up to $600 million. The Credit Facility is secured by all of the assets held by the SPV. Under the Credit Facility, the Company and the SPV, as applicable, have made certain customary representations and warranties, and are required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. The Credit Facility includes usual and customary events of default for credit facilities of this nature.

The Company has made an irrevocable election to apply the fair value option of accounting to the Credit Facility, in accordance with ASC 825-10. Accounting for the Credit Facility at fair value will better align the measurement methodologies of assets and liabilities, which may mitigate certain earnings volatility. As a result of this election $2,848 of costs related to the establishment of the Credit Facility was expensed rather than being deferred and amortized over the life of the Credit Facility. ASC 825-10 requires entities to record the fair value of the selected assets and liabilities on the face of the Consolidated Statement of Assets and Liabilities and changes in fair value of the Credit Facility are reported in the Consolidated Statement of Operations. For the three and nine months ended September 30, 2012, the Credit Facility had no net change in unrealized (appreciation) depreciation.

The weighted average annualized interest cost for all borrowings for the nine months ended September 30, 2012 was 2.55% under the Credit Facility. The average debt outstanding for the nine months ended September 30, 2012 was $36,671. The maximum amount borrowed on the Credit Facility during the nine months ended September 30, 2012 and for the period from January 28, 2011 to December 31, 2011 was $74,500 and $12,650, respectively. There was $55,900 and $8,600 drawn on the Credit Facility as of September 30, 2012 and December 31, 2011, respectively. At September 30, 2012 and December 31, 2011, the Company was in compliance with all financial and operational covenants required by the Credit Facility.

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Note 6. Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a framework for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1. Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Company has the ability to access (examples include active exchange-traded equity securities, exchange-traded derivatives, and most U.S. Government and agency securities).

Level 2. Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

a) Quoted prices for similar assets or liabilities in active markets;

b) Quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate and municipal bonds, which trade infrequently);

c) Pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including foreign exchange forward contracts); and

d) Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

Level 3. Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management s own assumptions about the assumptions a market participant would use in pricing the asset or liability (examples include certain of our private debt investments and our Credit Facility) and long-dated or complex derivatives (including certain equity and currency derivatives).

When the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. For example, a Level 3 fair value measurement may include inputs that are observable (Levels 1 and 2) and unobservable (Level 3). Therefore gains and losses for such assets and liabilities categorized within the Level 3 table below may include changes in fair value that are attributable to both observable inputs (Levels 1 and 2) and unobservable inputs (Level 3). Further, it should be noted that the following tables do not take into consideration the effect of offsetting Levels 1 and 2 financial instruments entered into by the Company that economically hedge certain exposures to the Level 3 positions.

A review of fair value hierarchy classifications is conducted on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets or liabilities. Reclassifications impacting Level 3 of the fair value hierarchy are reported as transfers in/out of the Level 3 category as of the beginning of the quarter in which the reclassifications occur.

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The following table presents the balances of assets and liabilities measured at fair value on a recurring basis, as of September 30, 2012 and December 31, 2011:

Fair Value Measurements

As of September 30, 2012

	Level 1	Level 2	Level 3	Total
Assets:				
Bank Debt/Senior Secured Loans	$	$ 16,868	$ 211,124	$ 227,992
Unsecured Bank Debt/Bonds		6,959		6,959
Total Investments	$	$ 23,827	$ 211,124	$ 234,951
Liabilities:				
Credit Facility	$	$	$ 55,900	$ 55,900

Fair Value Measurements

As of December 31, 2011

	Level 1	Level 2	Level 3	Total
Assets:				
Bank Debt/Senior Secured Loans	$	$ 13,725	$ 160,976	$ 174,701
Unsecured Bonds		3,048		3,048
Total Investments	$	$ 16,773	$ 160,976	$ 177,749

Liabilities:				
Credit Facility	$	$	$ 8,600	$ 8,600

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The following tables provide a summary of the changes in fair value of Level 3 assets and liabilities for the nine months ended September 30, 2012 and for the period from January 28, 2011 to December 31, 2011, as well as the portion of gains or losses included in income attributable to unrealized gains or losses related to those assets and liabilities still held at September 30, 2012 and December 31, 2011:

Fair Value Measurements Using Level 3 Inputs

As of September 30, 2012

		Bank Debt/Senior Secured Loans
Fair value, December 31, 2011	$	160,976
Total gains or losses included in earnings:		
Net realized gain		544
Net change in unrealized gain		2,152
Purchase of investment securities		113,405
Dispositions of investment securities		(65,953)
Transfers in/out of Level 3		
Fair value, September 30, 2012	$	211,124
Unrealized gains for the period relating to those Level 3 assets that were still held by the Company at the end of the period:		
Net change in unrealized gain:	$	1,628

During the nine month period ended September 30, 2012, there were no transfers in and out of Levels 1, 2, or 3. The Company had no assets or liabilities measured at fair value on a nonrecurring basis during the period.

Fair Value Measurements Using Level 3 Inputs

As of December 31, 2011

		Bank Debt/Senior Secured Loans
Fair value, January 28, 2011	$	
Total gains or losses included in earnings:		
Net realized gain		415
Net change in unrealized gain (loss)		(2,179)
Purchase of investment securities		176,895
Proceeds from dispositions of investment securities		(14,155)
Transfers in/out of Level 3		
Fair value, December 31, 2011	$	160,976
Unrealized gains (losses) for the period relating to those Level 3 assets that were still held by the Company at the end of the period:		
Net change in unrealized loss:	$	(2,179)

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During the period from January 28, 2011 to December 31, 2011, there were no transfers in and out of Levels 1, 2, or 3.

The following tables show a reconciliation of the beginning and ending balances for fair valued liabilities measured using significant unobservable inputs (Level 3) for the nine months ended September 30, 2012 and for the period January 28, 2011 to December 31, 2011:

Credit Facility	For the nine months ended September 30, 2012	For the period January 28, 2011 [1] to December 31, 2011
Beginning fair value	$ 8,600	$
Total unrealized appreciation		
Borrowings	99,583	20,450
Repayments	(52,283)	(11,850)
Transfers in/out of Level 3		
Ending fair value	$ 55,900	$ 8,600

(1) Commencement of operations

The Company has made an irrevocable election to apply the fair value option of accounting to the Credit Facility, in accordance with ASC 825-10. On September 30, 2012 and December 31, 2011, there were borrowings of $55,900 and $8,600, respectively, on the Credit Facility. For the nine months ended September 30, 2012 and for the period January 28, 2011 to December 31, 2011, the Credit Facility had no net change in unrealized (appreciation) depreciation. The Company uses an independent third-party valuation firm to assist in measuring the fair value of the Credit Facility.

The Company typically determines the fair value of its performing debt investments utilizing a yield analysis. In a yield analysis, a price is ascribed for each investment based upon an assessment of current and expected market yields for similar investments and risk profiles. Additional consideration is given to current contractual interest rates, relative maturities and other key terms and risks associated with an investment. Among other factors, a significant determinant of risk is the amount of leverage used by the portfolio company relative to the total enterprise value of the company, and the rights and remedies of our investment within each portfolio company.

Significant unobservable quantitative inputs typically used in the fair value measurement of the Company s Level 3 assets and liabilities primarily reflect current market yields as indicated by market comparable assets and liabilities, including indices, comparable market transactions, and readily available quotes from brokers, dealers, and pricing services. Quantitative information about the Company s Level 3 asset and liability fair value measurements as of September 30, 2012 is summarized on the following table:

Quantitative Information about Level 3 Fair Value Measurements

	Asset or Liability	**Fair Value at September 30, 2012**	**Valuation Techniques/ Methodology**	**Unobservable Input**	**Range (Weighted Average)**
Secured & Unsecured Bank Debt/Bonds	Asset	$ 211,124	Yield Analysis/Market Approach	Market Yields	6.1% - 14.7% (8.1%)
Credit Facility	Liability	($ 55,900)	Yield Analysis/Market Approach	Market Yields	L+0.5% - L+5.5% (L+2.7%)

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Significant increases or decreases in any of the above unobservable inputs in isolation, including unobservable inputs used in deriving bid-ask spreads, if applicable, would result in a significantly lower or higher fair value measurement for such assets and liabilities.

Note 7. Earnings Per Share

The following information sets forth the computation of basic and diluted earnings per share, pursuant to ASC 260-10, for the three and nine months ended September 30, 2012 and for the three months ended September 30, 2011 and the period January 28, 2011 to September 30, 2011:

	Three months ended September 30, 2012	Three months ended September 30, 2011	For the nine months ended September 30, 2012	For the period January 28, 2011 (1) to September 30, 2011
Numerator for basic and diluted increase in net assets per share:	$ 3,807	$ (5,488)	$ 13,157	$ (4,496)
Denominator for basic and diluted weighted average share:	9,500,100	9,500,100	9,500,100	8,300,100
Basic and diluted earnings per share:	$ 0.40	$ (0.58)	$ 1.38	$ (0.54)

(1) Commencement of operations

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SOLAR SENIOR CAPITAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012

(in thousands, except shares)

(unaudited)

Note 8. Financial Highlights

The following is a schedule of financial highlights for the nine months ended September 30, 2012 and for the period from January 28, 2011 to December 31, 2011:

	Nine months ended September 30, 2012	For the period January 28, 2011 [a] to December 31, 2011
Per Share Data: [b]		
Net asset value, beginning of period	$ 18.15	$
Net investment income	0.95	0.30
Net realized and unrealized gain (loss) on investments	0.43	(0.33)
Net increase (decrease) in net assets resulting from operations	1.38	(0.03)
Issuance of common stock		20.00
Offering costs		(1.27)
Dividends to shareholders declared	(0.93)	(0.55)
Net asset value, end of period	$ 18.60	$ 18.15
Total return [c,d]	20.14%	(18.49)%
Net assets, end of period	$ 176,698	$ 172,435
Per share market value at end of period	$ 17.91	$ 15.75
Shares outstanding end of period	9,500,100	9,500,100
Ratio to average net assets [d]:		
Expenses without incentive fees	2.63%	3.08%
Incentive fees	0.43%	0.00%
Total expenses	3.05%	3.08%
Net investment income	5.19%	1.51%
Portfolio turnover ratio	39.37%	36.96%

(a) Commencement of operations
(b) Calculated using the average shares outstanding method
(c) Total return is based on the change in market price per share during the period and takes into account dividends, if any, reinvested in accordance with the dividend reinvestment plan.
(d) Not annualized for periods less than one year

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders

Solar Senior Capital Ltd.:

We have reviewed the accompanying consolidated statement of assets and liabilities, including the consolidated schedule of investments, of Solar Senior Capital Ltd. (the Company) as of September 30, 2012, and the consolidated statements of operations for the three and nine month periods ended September 30, 2012, the three month period ended September 30, 2011, and the period from January 28, 2011 (commencement of operations) to September 30, 2011, the consolidated statement of changes in net assets for the nine month period ended September 30, 2012, and the statements of cash flows for the nine months ended September 30, 2012 and the period from January 28, 2011 (commencement of operations) to September 30, 2011. These consolidated financial statements are the responsibility of the Company s management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial accounting and reporting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the accompanying consolidated statement of assets and liabilities, including the consolidated schedule of investments, of Solar Senior Capital Ltd. as of December 31, 2011 and the related consolidated statement of changes in net assets for the period from January 28, 2011 (commencement of operations) to December 31, 2011, and we expressed an unqualified opinion on them in our report dated February 22, 2012.

/s/ KPMG LLP

New York, New York

November 1, 2012

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PROSPECTUS

$150,000,000

Solar Senior Capital Ltd.

Common Stock

Debt Securities

We are an externally managed finance company. Our investment objective is to seek to maximize current income consistent with the preservation of capital. We will seek to achieve our investment objective by investing primarily in senior secured loans, including first lien, unitranche and second lien debt instruments, made to private middle-market companies whose debt is rated below investment grade, which we refer to collectively as senior loans. We may also invest in debt of public companies that are thinly traded. Under normal market conditions, at least 80% of the value of our net assets (including the amount of any borrowings for investment purposes) will be invested in senior loans. Securities rated below investment grade, including the senior loans we intend to target, are often referred to as leveraged loans, high yield or junk securities, and may be considered high risk compared to debt instruments that are rated above investment grade.

We were formed in December 2010 as a Maryland corporation structured as an externally managed, non-diversified closed-end management investment company. We have elected to be treated as a business development company under the Investment Company Act of 1940, or the 1940 Act. We will be managed by Solar Capital Partners, LLC. Solar Capital Management, LLC will provide the administrative services necessary for us to operate.

We may offer, from time to time, in one or more offerings or series, up to $150,000,000 of our common stock or debt securities, which we refer to, collectively, as the securities. The securities may be offered at prices and on terms to be described in one or more supplements to this prospectus.

In the event we offer common stock, the offering price per share of our common stock less any underwriting commissions or discounts will generally not be less than the net asset value per share of our common stock at the time we make the offering. However, we may issue shares of our common stock pursuant to this prospectus at a price per share that is less than our net asset value per share (a) with the prior approval of the majority of our common stockholders or (b) under such other circumstances as the SEC may permit.

The securities may be offered directly to one or more purchasers, or through agents designated from time to time by us, or to or through underwriters or dealers. The prospectus supplement relating to an offering will identify any agents or underwriters involved in the sale of the securities, and will disclose any applicable purchase price, fee, commission or discount arrangement between us and our agents or underwriters or among our underwriters or the basis upon which such amount may be calculated. See Plan of Distribution. We may not sell any of the securities through agents, underwriters or dealers without delivery of this prospectus and a prospectus supplement describing the method and terms of the offering of such securities.

Our common stock is listed on the NASDAQ Global Select Market under the symbol SUNS. On May 10, 2012, the last reported sales price on the NASDAQ Global Select Market for our common stock was $17.15 per share.

This prospectus, and the accompanying prospectus supplement, contains important information about us that a prospective investor should know before investing in our common stock. Please read this prospectus, and the accompanying prospectus supplement, before investing, and keep it for future reference. We are required to file annual, quarterly and current reports, proxy statements and other information about us with the

Securities and Exchange Commission. This information is available free of charge by contacting us by mail at 500 Park Avenue, New York, NY 10022, by telephone at (212) 993-1670 or on our website at *http://www.solarseniorcap.com*. The Securities and Exchange Commission also maintains a website at *http://www.sec.gov* that contains such information. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider that information to be part of this prospectus or the accompanying prospectus supplement.

An investment in our common stock is very risky and highly speculative. Shares of closed-end investment companies, including business development companies, frequently trade at a discount to their net asset value. In addition, the companies in which we invest are subject to special risks. See Risk Factors beginning on page 17 to read about factors you should consider, including the risk of leverage, before investing in our common stock.

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

This prospectus may not be used to consummate sales of shares of common stock unless accompanied by a prospectus supplement.

May 17, 2012

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You should rely only on the information contained in this prospectus and the accompanying prospectus supplement. We have not authorized any dealer, salesman or other person to give any information or to make any representation other than those contained in this prospectus or any prospectus supplement to this prospectus. You must not rely upon any information or representation not contained in this prospectus or any such supplements as if we had authorized it. This prospectus and any such supplements do not constitute an offer to sell or a solicitation of any offer to buy any security other than the registered securities to which they relate, nor do they constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The information contained in this prospectus and any such supplements is accurate as of the dates on their covers. Our business, financial condition, results of operations and prospects may have changed since then.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or SEC, using the shelf registration process. Under the shelf registration process, which constitutes a delayed offering in reliance on Rule 415 under the Securities Act of 1933, as amended, or the Securities Act, we may offer, from time to time, in one or more offerings or series, up to $150,000,000 of our common stock or debt securities on the terms to be determined at the time of the offering. The securities may be offered at prices and on terms described in one or more supplements to this prospectus. This prospectus provides you with a general description of the securities that we may offer. Each time we use this prospectus to offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. A prospectus supplement may also add, update or change information contained in this prospectus. Please carefully read this prospectus and any such supplements together with any exhibits and the additional information described under Available Information and in the Summary and Risk Factors sections before you make an investment decision.

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SUMMARY

This summary highlights some of the information in this prospectus. It is not complete and may not contain all of the information that you may want to consider. You should read carefully the more detailed information set forth under Risk Factors and the other information included in this prospectus and the documents to which we have referred.

Except where the context suggests otherwise, the terms we, us, our and Solar Senior Capital refer to Solar Senior Capital Ltd. In addition, the terms Solar Capital Partners and the investment adviser refer to Solar Capital Partners, LLC, and Solar Capital Management and the administrator refer to Solar Capital Management, LLC.

In this prospectus, we use the term leveraged to refer to companies of any size with non-investment grade debt outstanding or, if not explicitly rated, those which we believe would be rated as non-investment grade based on their leverage levels and other terms. In addition, we use the term middle-market to refer to companies with annual revenues between $50 million and $1 billion. We also use the term unitranche to refer to debt instruments that combine both senior and subordinated debt into one debt instrument. Unitranche debt instruments typically pay a higher rate of interest than traditional senior debt instruments, but also pose greater risk associated with a lesser amount of asset coverage.

Solar Senior Capital

Solar Senior Capital, a Maryland corporation formed in December 2010, is a closed-end, externally managed, non-diversified management investment company that has elected to be treated as a business development company (BDC) under the Investment Company Act of 1940, as amended (the 1940 Act). In addition, for tax purposes we intend to elect to be treated as a regulated investment company (RIC) under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code).

On February 24, 2011, we priced our initial public offering, selling 9.0 million shares of our common stock, including the underwriters over-allotment, at a price of $20.00 per share. Concurrent with this offering, management purchased an additional 500,000 shares of our common stock through a private placement transaction exempt from registration under the Securities Act of 1933, as amended, or the Securities Act (the Concurrent Private Placement), also at $20.00 per share.

On August 26, 2011, we established a $200 million senior secured revolving credit facility (the Credit Facility) with Citigroup Global Markets Inc. acting as administrative agent. In connection with the Credit Facility, our wholly-owned subsidiary, SUNS SPV LLC (the SPV) was formed. The Credit Facility matures on August 26, 2016 and generally bears interest at a rate of LIBOR plus 2.25%. Under the Credit Facility, $150 million will be available initially with an additional $50 million available as a delayed draw. The Credit Facility can also be expanded up to $600 million. The Credit Facility is secured by all of the assets held by the SPV. Under the Credit Facility, Solar Senior and the SPV, as applicable, have made certain customary representations and warranties, and are required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. The Credit Facility includes usual and customary events of default for credit facilities of this nature.

We invest primarily in U.S. middle-market companies, where we believe the supply of primary capital is limited and the investment opportunities are most attractive. Our investment objective is to seek to maximize current income consistent with the preservation of capital. We seek to achieve our investment objective by investing primarily in senior loans, including first lien, unitranche, and second lien debt instruments, made to private middle - market companies whose debt is rated below investment grade, which we refer to collectively as senior loans. We

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may also invest in debt of public companies that are thinly traded. Under normal market conditions, at least 80% of the value of our net assets (including the amount of any borrowings for investment purposes) will be invested in senior loans. Senior loans typically pay interest at rates which are determined periodically on the basis of a floating base lending rate, primarily LIBOR, plus a premium. Senior loans in which we expect to invest are typically made to U.S. and, to a limited extent, non-U.S. corporations, partnerships and other business entities which operate in various industries and geographical regions. Senior loans typically are rated below investment grade. Securities rated below investment grade are often referred to as leveraged loans, high yield or junk securities, and may be considered high risk compared to debt instruments that are rated above investment grade.

We expect to invest in senior loans made primarily to private leveraged middle market companies with approximately $20 million to $60 million of EBITDA. Our business model is focused primarily on the direct origination of investments through portfolio companies or their financial sponsors. We expect that our investments will generally range between $5 million and $30 million each, although we expect that this investment size will vary proportionately with the size of our capital base. In addition, we may invest a portion of our portfolio in other types of investments, which we refer to as opportunistic investments, which are not our primary focus but are intended to enhance our overall returns. These opportunistic investments may include, but are not limited to, direct investments in public companies that are not thinly traded and securities of leveraged companies located in select countries outside of the United States. We may invest up to 30% of our total assets in such opportunistic investments, including senior loans issued by non-U.S. issuers, subject to compliance with our regulatory obligations as a BDC under the 1940 Act. We are managed by Solar Capital Partners. Solar Capital Management provides the administrative services necessary for us to operate.

As of March 31, 2012, our-long term investments totaled approximately $215.0 million and our net asset value was $175.3 million. Our portfolio was comprised of debt investments in 26 portfolio companies and our income producing assets, which represented 100% of our total portfolio, had a weighted average annualized yield on a fair value basis of approximately 8.2%.

About Solar Capital Partners

Solar Capital Partners, our investment adviser, is controlled and led by Michael S. Gross, our chairman and chief executive officer, and Bruce Spohler, our chief operating officer. They are supported by a team of dedicated investment professionals, including senior team members Brian Gerson, Cedric Henley, David Mait and Suhail Shaikh. We refer to Messrs. Gross, Spohler, Gerson, Henley, Mait and Shaikh as Solar Capital Partners senior investment professionals. Solar Capital Partners investment team has extensive experience in the private equity and leveraged lending industries, as well as significant contacts with financial sponsors operating in those industries.

In addition, Solar Capital Partners presently serves as investment adviser to Solar Capital Ltd., or Solar Capital, a publicly traded business development company with approximately $1.3 billion of investable capital that invests in mezzanine debt and equity securities of leveraged middle-market companies similar to those we intend to target for investment. The investment team led by Messrs. Gross and Spohler has invested in approximately 95 different portfolio companies for both Solar Capital and Solar Senior Capital, collectively, which investments involved an aggregate of approximately 80 different financial sponsors, through March 31, 2012. Since Solar Senior Capital s inception, these investment professionals have used their relationships in the middle-market financial sponsor and financial intermediary community to generate deal flow. As of May 10, 2012, Mr. Gross and Mr. Spohler beneficially owned, either directly or indirectly, approximately 6.24% and 5.26%, respectively, of our outstanding common stock.

Mr. Gross has 25 years of experience in the mezzanine lending, private equity and distressed debt businesses and has been involved in originating, structuring, negotiating, consummating and managing

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mezzanine lending, private equity and distressed debt transactions. We also rely on the 25 years of experience of Mr. Spohler, who currently serves as our chief operating officer and as the chief operating officer of Solar Capital and has been a partner of Solar Capital Partners since its inception. In addition to Messrs. Gross and Spohler, Solar Capital Partners senior investment professionals include Messrs. Gerson, Henley, Mait and Shaikh, each of whom has extensive experience in originating, evaluating and structuring investments in the types of middle-market companies we intend to target.

Market Opportunity

Solar Senior Capital intends to invest primarily in senior loans of private middle-market leveraged companies organized and located in the United States. We believe that the size of this market, coupled with the demands of these companies for flexible sources of capital at attractive terms and rates, creates an attractive investment environment for us. See Business Market Opportunity.

Disruptions within the credit markets have reduced middle-market companies access to the capital markets for senior debt. While many middle-market companies were previously able to raise senior debt financing through traditional large financial institutions, we believe this approach to financing will become more difficult as implementation of U.S. and international financial reforms, such as Basel 3, are expected to limit the capacity of large financial institutions to hold non-investment grade leveraged loans on their balance sheets. In addition, we believe that the recent decline in the formation of new collateralized loan obligation, or CLO, vehicles, coupled with the expiration of the investment periods of the majority of existing CLOs, have and will continue to restrict available capital for new middle-market senior loan originations. Moreover, consolidation and the illiquid nature of investments have resulted in fewer middle-market lenders and market participants.

There is a large pool of uninvested private equity capital likely to seek additional senior debt capital to finance strategic transactions. There is currently over $520 billion of uninvested private equity seeking debt financing to support acquisitions. We expect that middle-market private equity firms will continue to invest the over $185 billion raised since 2000 in middle-market companies and that these private equity firms will seek to support their investments with senior loans from other sources, such as Solar Senior Capital. Additionally, over $17.4 billion was raised by middle-market sponsors during 2011, which we believe demonstrates the continued appetite for middle-market acquisitions that will need senior debt financing.

The significant amount of leveraged loans maturing through 2018 will provide additional demand for senior debt capital. Although many companies were able to refinance or amend their senior debt obligations during 2010 and 2011, there remains approximately $500 billion of anticipated leveraged loans maturing before the end of 2018. We believe that the majority of the companies able to access the markets during 2010 and 2011 were larger companies and thus the need to refinance capital structures of middle-market companies will remain particularly robust.

Investing in private middle market senior secured debt provides an attractive risk reward profile. In general, terms for illiquid, middle-market leveraged loans have been more attractive than leveraged loans for larger corporations, which are typically more liquid. We believe this is because fewer institutions are able to invest in the illiquid asset class. In addition, we believe that the debt to EBITDA ratios for middle-market leveraged buyouts (LBOs) is lower than for large capitalization LBOs, that the average discounted spread between middle-market loans over large-cap loans is wider and that the default rate on middle-market loans is lower than on large-cap loans. Middle-market loans have also exhibited higher average recovery rates than all loans in the aggregate. We believe that middle-market companies in which we intend to invest will generally have loan tranches of less than $250 million. We also believe that the average new issue yield for leveraged loans made to middle-market companies is currently significantly higher than the yield for newly-issued loans made to companies with annual revenues above $1 billion.

Therefore, we believe that there is an opportunity to invest in senior loans of leveraged companies and that we are well positioned to serve this market.

Competitive Advantages and Strategy

We believe that we have the following competitive advantages over other providers of financing to leveraged companies. See Business Competitive Advantages and Strategy.

Management Expertise

As managing partner, Mr. Gross has principal management responsibility for Solar Capital Partners, to which he currently dedicates substantially all of his time. Mr. Gross has 25 years of experience in leveraged finance, private equity and distressed debt investing. Mr. Spohler, our chief operating officer and a partner of Solar Capital Partners, has 25 years of experience in evaluating and executing leverage finance transactions. We believe that Messrs. Gross and Spohler have developed a strong reputation in the capital markets, and that this experience provides us with a competitive advantage in identifying and investing in leveraged companies with the potential to generate returns.

In addition to Messrs. Gross and Spohler, Solar Capital Partners senior investment professionals include Messrs. Gerson, Henley, Mait and Shaikh, each of whom has extensive experience in originating, evaluating and structuring investments in the types of middle-market companies we currently target. Solar Capital Partners senior investment professionals have an average of over 20 years of experience in the private equity and leveraged lending industries.

Investment Portfolio

Our portfolio investments consist of portfolio companies that have strong cash flows and have maintained financial and operating performance despite the recent economic climate. As of March 31, 2012, 100% of our total portfolio value of income producing assets was comprised of performing assets. The majority of our assets have been seasoned, which has allowed us to gain a solid understanding of our borrowers and the industries in which they compete.

Investment Capacity

The proceeds from our initial public offering and the Concurrent Private Placement, the borrowing capacity under the Credit Facility, and the expected repayments of existing investments provide us with a substantial amount of capital available for deployment into new investment opportunities. We believe we are well positioned for the current marketplace.

Proprietary Sourcing and Origination

We believe that Solar Capital Partners senior investment professionals longstanding relationships with financial sponsors, commercial and investment banks, management teams and other financial intermediaries provide us with a strong pipeline of origination opportunities. We believe the broad expertise of Solar Capital Partners senior investment professionals and their ability to draw upon their average of over 20 years of investment experience enable us to identify, assess and structure investments successfully. We expect to continue leveraging the over 100 relationships with middle-market sponsors that Solar Capital Partners investment team established while sourcing and originating investments for Solar Capital, which will give us access to deals that are not available through large syndication processes.

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Since its inception, Solar Capital Partners has sourced investments in approximately 95 different portfolio companies for both Solar Capital and Solar Senior Capital, collectively, which investments involved an aggregate of approximately 80 different financial sponsors, through March 31, 2012.

Greater Flexibility of Capital Versus Many of Our Competitors

While we are subject to significant regulation as a business development company, we are not subject to many of the regulatory limitations that govern traditional lending institutions such as banks. As a result, we believe that we can be more flexible than such lending institutions in selecting and structuring investments, adjusting investment criteria and transaction structures. We believe financial sponsors, management teams and investment banks see this flexibility as a benefit, making us an attractive financing partner for senior debt. We believe that this approach enables us to procure attractive senior loan investment opportunities throughout the economic cycle so that we can make investments consistent with our stated investment objective even during turbulent periods in the capital markets.

Emphasis on Achieving Strong Risk-Adjusted Returns

Solar Capital Partners uses a disciplined investment and risk management process that emphasizes a fundamental research and analysis framework. Solar Capital Partners seeks to build our portfolio on a bottom-up basis, choosing and sizing individual positions based on their relative risk/reward profiles as a function of the associated downside risk, volatility, correlation with the existing portfolio and liquidity. At the same time, Solar Capital Partners takes into consideration a variety of factors in managing our portfolio and imposes portfolio-based risk constraints promoting a more diverse portfolio of investments and limiting issuer and industry concentration. Our value-oriented investment philosophy focuses on preserving capital and ensuring that our investments have an appropriate return profile in relation to risk. When market conditions make it difficult for us to invest according to our criteria, we are highly selective in deploying our capital and do not pursue short-term origination targets over our long-term strategies. We believe this approach enables us to build an attractive investment portfolio that meets our return and value criteria over the long term.

We believe it is critical to conduct extensive due diligence on investment targets. In evaluating new investments we, through Solar Capital Partners, conduct due diligence processes that draw upon the investment experience, industry expertise and network of contacts of our senior investment professionals, as well as the other members of our investment team.

Deep Industry Focus with Substantial Information Flow

We concentrate our investing activities in industries characterized by strong cash flow and in which Solar Capital Partners investment professionals have deep investment experience. As a result of their investment experience, Messrs. Gross and Spohler, together with Solar Capital Partners other investment professionals, have long-term relationships with management consultants and management teams in the industries we target, as well as substantial information concerning those industries.

Longer Investment Horizon

Unlike private equity and venture capital funds, we are not subject to standard periodic capital return requirements. Such requirements typically stipulate that the capital of these funds, together with any capital gains on such invested funds, can only be invested once and must be returned to investors after a pre-agreed time period. We believe that our flexibility to make investments with a long-term view and without the capital return requirements of traditional private investment vehicles enables us to invest in private middle-market senior debt, which we believe provides a more attractive risk-return profile than the liquid senior debt market for larger companies. We also believe our longer investment horizon enables us to be a better long-term partner for our portfolio companies.

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Investment Strategy

Solar Senior Capital seeks to create a diverse portfolio of senior loans by investing approximately $5 million to $30 million of capital, on average, in the securities of leveraged companies, including middle-market companies. We may also invest in debt of public companies that are thinly traded. Under normal market conditions, at least 80% of the value of our net assets (including the amount of any borrowings for investment purposes) will be invested in senior loans.

Senior loans typically pay interest at rates which are determined periodically on the basis of a floating base lending rate, primarily LIBOR, plus a premium. Senior loans in which we invest are typically made to U.S. and, to a limited extent, non-U.S. corporations, partnerships and other business entities which operate in various industries and geographical regions. Senior loans typically are rated below investment grade. Securities rated below investment grade are often referred to as leveraged loans, high yield or junk securities, and may be considered high risk compared to debt instruments that are rated above investment grade. Senior secured loans, however are generally less risky than subordinated debt, bearing lower leverage and higher recovery statistics.

In addition to senior secured loans, we may invest a portion of our portfolio in opportunistic investments, which are not our primary focus, but are intended to enhance our returns to stockholders. These investments may include similar direct investments in public companies that are not thinly traded and securities of leveraged companies located in select countries outside of the United States. We may invest up to 30% of our total assets in such opportunistic investments, including senior loans issued by non-U.S. issuers, subject to compliance with our regulatory obligations as a business development company under the 1940 Act. See Regulation as a Business Development Company.

We may borrow funds to make investments. As a result, we will be exposed to the risks of leverage, which may be considered a speculative investment technique. The use of leverage magnifies the potential for gain and loss on amounts invested and therefore increases the risks associated with investing in our securities. In addition, the costs associated with our borrowings, including any increase in management fees payable to our investment adviser, Solar Capital Partners, will be borne by our common stockholders.

Additionally, we may in the future seek to securitize our loans to generate cash for funding new investments. To securitize loans, we may create a wholly owned subsidiary and contribute a pool of loans to the subsidiary. This could include the sale of interests in the subsidiary on a non-recourse basis to purchasers who we would expect to be willing to accept a lower interest rate to invest in investment grade loan pools, and we would retain a portion of the equity in the securitized pool of loans.

Moreover, we may acquire investments in the secondary market and, in analyzing such investments, we will employ the same analytical process as we use for our primary investments.

We may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates and market interest rates. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions should increase. It may not be possible to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of factors not related to currency fluctuations.

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Our principal focus is to provide senior secured loans, including first lien, unitranche and second lien loans, to private middle-market companies in a variety of industries. We generally seek to target companies that generate positive cash flows. We generally seek to invest in companies from the broad variety of industries in which our investment adviser has direct expertise. The following is a representative list of the industries in which we may invest.

Aerospace & Defense	Healthcare, Education & Childcare
Automobile	Home, Office Furnishings & Durable Consumer Prds
Banking	Hotels, Motels, Inns and Gaming
Beverage, Food & Tobacco	Insurance
Buildings & Real Estate	Leisure, Amusement, Entertainment
Broadcasting & Entertainment	Machinery
Cargo Transport	Mining, Steel, Iron & Nonprecious Metals
Chemicals, Plastics & Rubber	Personal & Nondurable Consumer Products
Containers, Packaging & Glass	Personal, Food & Misc. Services
Diversified/Conglomerate Manufacturing	Personal Transportation
Diversified/Conglomerate Services	Printing & Publishing
Electronics	Retail Stores
Farming & Agriculture	Telecommunications
Finance	Textiles & Leather
Grocery	Utilities

We may invest in other industries if we are presented with attractive opportunities.

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Risk Factors

The value of our assets, as well as the market price of shares of our common stock, will fluctuate. Our investments may be risky, and you may lose all or part of your investment in us. Investing in Solar Senior Capital involves other risks, including the following:

- There are significant potential conflicts of interest, including Solar Capital Partners management of Solar Capital, which could impact our investment return; you will not be purchasing an investment in Solar Capital;
- We operate in a highly competitive market for investment opportunities;
- The lack of liquidity in our investments may adversely affect our business;
- We may borrow money, which would magnify the potential for gain or loss on amounts invested and may increase the risk of investing in us;
- To the extent we use debt to finance our investments, changes in interest rates will affect our cost of capital and net investment income;
- There will be uncertainty as to the value of our portfolio investments;
- We may experience fluctuations in our quarterly results;
- We are dependent upon Solar Capital Partners key personnel for our future success;
- We will become subject to corporate-level income tax on all of our income if we are unable to qualify as a RIC under Subchapter M of the Code, which would have a material adverse effect on our financial performance;
- We cannot assure you that shares of our common stock will not trade at a market price below our net asset value per share;
- The net asset value per share of our common stock may be diluted if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock or securities convertible into shares of our common stock;
- Our common stock price may be volatile and may decrease substantially;
- There is a risk that our stockholders may not receive distributions or that our distributions may not grow over time;
- Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock; and

Regulations governing our operation as a BDC affect our ability to, and the way in which we, raise additional capital. As a BDC, the necessity of raising additional capital may expose us to risks, including the typical risks associated with leverage.

See Risk Factors beginning on page 17 and the other information included in this prospectus, for additional discussion of factors you should carefully consider before deciding to invest in shares of our common stock.

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Operating and Regulatory Structure

Solar Senior Capital is a Maryland corporation structured as an externally managed non-diversified closed-end management investment company. We have elected to be treated as a business development company under the 1940 Act. As a business development company, we are required to meet regulatory tests, including the requirement to invest at least 70% of our total assets in qualifying assets. Qualifying assets generally include, among other things, securities of eligible portfolio companies. Eligible portfolio companies generally include U.S. companies that are not investment companies and that do not have securities listed on a national exchange. See Regulation as a Business Development Company. We may also borrow funds to make investments. In addition, we intend to elect to be treated for federal income tax purposes, and intend to qualify annually thereafter, as a RIC under Subchapter M of the Code. See Material U.S. Federal Income Tax Considerations.

Our investment activities are managed by Solar Capital Partners and supervised by our board of directors. Solar Capital Partners is an investment adviser that is registered under the Investment Advisers Act of 1940, as amended (the Advisers Act). Under our investment advisory and management agreement, which we refer to as the Investment Advisory and Management Agreement, we have agreed to pay Solar Capital Partners an annual base management fee based on our gross assets as well as an incentive fee based on our performance. See Investment Advisory and Management Agreement. We have also entered into an administration agreement, which we refer to as the Administration Agreement, under which we have agreed to reimburse Solar Capital Management for the allocable portion of overhead and other expenses incurred by Solar Capital Management in performing its obligations under the Administration Agreement, including furnishing us with office facilities, equipment and clerical, bookkeeping and record keeping services at such facilities, as well as providing us with other administrative services. See Administration Agreement.

Our Corporate Information

Our offices are located at 500 Park Avenue, New York, New York 10022, and our telephone number is (212) 993-1670.

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OFFERINGS

We may offer, from time to time, in one or more offerings or series, up to $150,000,000 of our common stock or debt securities on terms to be determined at the time of the offering. We will offer our securities at prices and on terms to be set forth in one or more supplements to this prospectus.

At our 2012 Annual Stockholders Meeting, subject to certain determinations required to be made by our board of directors, our stockholders approved our ability to sell or otherwise issue shares of our common stock, not exceeding 25% of our then outstanding common stock immediately prior to each such offering, at a price below the then current net asset value per share during a period beginning on May 3, 2012 and expiring on the earlier of the one-year anniversary of the date of the 2012 Annual Stockholders Meeting and the date of our 2013 Annual Stockholders Meeting, which is expected to be held in May 2013. However, notwithstanding such stockholder approval, since our initial public offering on February 24, 2011, we have not sold any shares of our common stock at a price below our then current net asset value per share. Any such issuance of shares of our common stock below net asset value will be dilutive to the net asset value of our common stock. See Risk Factors Risks Relating to an Investment in Our Securities and Sales of Common Stock Below Net Asset Value.

The securities may be offered directly to one or more purchasers, or through agents designated from time to time by us, or to or through underwriters or dealers. The prospectus supplement relating to an offering will identify any agents or underwriters involved in the sale of the securities, and will disclose any applicable purchase price, fee, commission or discount arrangement between us and our agents or underwriters or among our underwriters or the basis upon which such amount may be calculated. See Plan of Distribution. We may not sell any of the securities through agents, underwriters or dealers without delivery of this prospectus and a prospectus supplement describing the method and terms of the offering of such securities.

Set forth below is additional information regarding offerings of our common stock:

Use of Proceeds	Unless otherwise specified in a prospectus supplement, we intend to use the net proceeds from the sale of our securities for general corporate purposes, which includes, among other things, (a) investing in portfolio companies in accordance with our investment objective and strategies and market conditions and (b) repaying indebtedness. Each supplement to this prospectus relating to an offering will more fully identify the use of the proceeds from such offering. See Use of Proceeds.
NASDAQ Global Select Market symbol	SUNS
Distributions	To the extent that we have income available, we intend to distribute monthly dividends to our stockholders. The amount of our dividends, if any, will be determined by our board of directors. Any dividends to our stockholders will be declared out of assets legally available for distribution. The specific tax characteristics of our dividends will be reported to shareholders after the end of each calendar year. We may issue preferred stock from time to time, although we have no immediate intention to do so. If we issue shares of preferred stock, holders of such preferred stock will be entitled to receive cash dividends at an annual rate that will be fixed or will vary for the

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	successive dividend periods for each series. In general, the dividend periods for fixed rate preferred stock will be quarterly.
Taxation	We intend to elect to be treated for federal income tax purposes, and intend to qualify annually thereafter, as a RIC under Subchapter M of the Code. As a RIC, we generally will not have to pay corporate-level federal income taxes on any ordinary income or capital gains that we distribute to our stockholders as dividends. To obtain and maintain our RIC tax treatment, we must meet specified source-of-income and asset diversification requirements and distribute annually at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. See Price Range of Common Stock and Distributions and Material U.S. Federal Income Tax Considerations in this prospectus.
Leverage	We may borrow funds to make investments. As a result, we will be exposed to the risks of leverage, which may be considered a speculative investment technique. The use of leverage magnifies the potential for gain and loss on amounts invested and therefore increases the risks associated with investing in our securities. In addition, the costs associated with our borrowings, including any increase in the management fee payable to our investment adviser, Solar Capital Partners, will be borne by our common stockholders.
Investment Advisory Fees	We pay Solar Capital Partners a fee for its services under the Investment Advisory and Management Agreement consisting of two components a base management fee and an incentive fee. The base management fee is calculated at an annual rate of 1.00% of our gross assets, which includes any borrowings for investment purposes. The incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears and equals 20% of our pre-incentive fee net investment income for the immediately preceding quarter, subject to a preferred return, or hurdle, and a catch up feature. The second part is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory and Management Agreement) in an amount equal to 20% of our realized capital gains, if any, on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees. See Investment Advisory and Management Agreement in this prospectus.
Administration Agreement	We reimburse Solar Capital Management for the allocable portion of overhead and other expenses incurred by Solar Capital Management in performing its obligations under the Administration Agreement, including furnishing us with office facilities, equipment and clerical, bookkeeping and record keeping services at such facilities, as well as providing us with other administrative services. In addition, we reimburse Solar Capital Management for the fees and expenses

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	associated with performing compliance functions, and our allocable portion of the compensation of our chief financial officer and any administrative support staff. See Administration Agreement in this prospectus.
Trading	Shares of closed-end investment companies frequently trade at a discount to their net asset value. The risk that our shares may trade at a discount to our net asset value is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our shares will trade above, at or below net asset value.
License Agreement	We have entered into a license agreement with Solar Capital Partners, pursuant to which Solar Capital Partners has agreed to grant us a non-exclusive license to use the name Solar Senior Capital. See License Agreement in this prospectus.
Dividend Reinvestment Plan	We have adopted an opt out dividend reinvestment plan. If your shares of common stock are registered in your own name, your distributions will automatically be reinvested under our dividend reinvestment plan in additional whole and fractional shares of common stock, unless you opt out of our dividend reinvestment plan so as to receive cash dividends by delivering a written notice to our plan administrator. If your shares are held in the name of a broker or other nominee, you should contact the broker or nominee for details regarding opting out of our dividend reinvestment plan. Stockholders who receive distributions in the form of stock will be subject to the same federal, state and local tax consequences as stockholders who elect to receive their distributions in cash. See Dividend Reinvestment Plan in this prospectus.
Certain Anti-Takeover Measures	Our charter and bylaws, as well as certain statutory and regulatory requirements, contain certain provisions that may have the effect of discouraging a third party from making an acquisition proposal for us. These anti-takeover provisions may inhibit a change in control in circumstances that could give the holders of our common stock the opportunity to realize a premium over the market price for our common stock. See Description of Our Capital Stock in this prospectus.
Available Information	We are required to file periodic reports, current reports, proxy statements and other information with the SEC. This information is available at the SEC s public reference room at 100 F Street, NE, Washington, D.C. 20549 and on the SEC s website at *http://www.sec.gov*. The public may obtain information on the operation of the SEC s public reference room by calling the SEC at (202) 551-8090. This information is also available free of charge by contacting us at Solar Senior Capital Ltd., 500 Park Avenue, New York, NY 10022, by telephone at (212) 993-1670 or on our website at *http://www.solarseniorcap.com*.

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FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses that you will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus contains a reference to fees or expenses paid by us or Solar Senior Capital, or that we will pay fees or expenses, you will indirectly bear such fees or expenses as an investor in Solar Senior Capital Ltd.

Stockholder transaction expenses:	
Sales load borne by us (as a percentage of offering price)	%(1)
Offering expenses borne by us (as a percentage of offering price)	%(2)
Dividend reinvestment plan expenses	None(3)
Total stockholder transaction expenses (as a percentage of offering price)	%(2)
Annual expenses (as a percentage of net assets attributable to common stock):	
Base management fee	1.14%(4)
Incentive fees payable under our Investment Advisory and Management Agreement	0.11%(5)
Interest payments on borrowed funds	0.56%(6)
Other expenses (estimated)	1.12%(7)
Total annual expenses	2.93%

Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed that our annual operating expenses would remain at the levels set forth in the table above and have excluded performance-based incentive fees. See Note 6 below for additional information regarding certain assumptions regarding our level of leverage. In the event that shares to which this prospectus relates are sold to or through underwriters, a corresponding prospectus supplement will restate this example to reflect the applicable sales load.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5% annual return	$ 28	$ 86	$ 147	$ 311

(1) In the event that the shares of common stock to which this prospectus relates are sold to or through underwriters, a corresponding prospectus supplement will disclose the applicable sales load and the Example will be updated accordingly.

(2) The prospectus supplement corresponding to each offering will disclose the applicable offering expenses and total stockholder transaction expenses.

(3) The expenses of the dividend reinvestment plan are included in other expenses.

(4) Our base management fee under the Investment Advisory and Management Agreement is based on our gross assets, which is defined as all the assets of Solar Senior Capital, including those acquired using borrowings for investment purposes, and assumes the base management fee remains consistent with fees incurred for three months ended March 31, 2012. See Investment Advisory and Management Agreement.

(5) Assumes that annual incentive fees earned by our investment adviser, Solar Capital Partners, remain consistent with the incentive fees earned by Solar Capital Partners for the three months ended March 31, 2012. The incentive fee consists of two parts:

The first part, which is payable quarterly in arrears, equals 20% of the excess, if any, of our Pre-Incentive Fee Net Investment Income that exceeds a 1.75% quarterly (7.00% annualized) hurdle rate, which we refer to as the Hurdle, subject to a catch-up provision measured at the end of each calendar quarter. The first part of the incentive fee is computed and paid on income that may include interest that is accrued but not yet received in cash. The operation of the first part of the incentive fee for each quarter is as follows:

- no incentive fee is payable to our investment adviser in any calendar quarter in which our Pre-Incentive Fee Net Investment Income does not exceed the Hurdle of 1.75%;

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50% of our Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the Hurdle but is less than 2.9167% in any calendar quarter (11.67% annualized) is payable to our investment adviser. We refer to this portion of our Pre-Incentive Fee Net Investment Income (which exceeds the Hurdle but is less than 2.9167%) as the catch-up. The catch-up is meant to provide our investment adviser with 20% of our Pre-Incentive Fee Net Investment Income, as if a Hurdle did not apply when our Pre-Incentive Fee Net Investment Income exceeds 2.9167% in any calendar quarter; and

20% of the amount of our Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.9167% in any calendar quarter (11.67% annualized) is payable to our investment adviser (once the Hurdle is reached and the catch-up is achieved, 20% of all Pre-Incentive Fee Investment Income thereafter is allocated to our investment adviser).

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

(6) We may borrow funds from time to time to make investments to the extent we determine that the economic situation is conducive to doing so. The costs associated with our outstanding borrowings are indirectly born by our investors. For purposes of this section, we have computed interest expense using the average balance outstanding for all borrowings during the three months ended March 31, 2012. We used the LIBOR rate on March 31, 2012 and the interest rate on the Credit Facility. We have also included the estimated amortization of fees incurred in establishing the Credit Facility. Additionally, we included the estimated cost of commitment fees for unused balances on the Credit Facility. As of March 31, 2012, we had $18.2 million outstanding and $181.8 million remaining available to us under the Credit Facility. We may also issue preferred stock, subject to our compliance with applicable requirements under the 1940 Act, although we have no immediate intention to do so.

(7) Other expenses are based on the amounts incurred for the three months ended March 31, 2012 and include our overhead expenses, including payments under our Administration Agreement based on our allocable portion of overhead and other expenses incurred by Solar Capital Management in performing its obligations under the Administration Agreement. See Administration Agreement.

The example and the expenses in the tables above should not be considered a representation of our future expenses, and actual expenses may be greater or less than those shown. While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. The incentive fee under the Investment Advisory and Management Agreement, which, assuming a 5% annual return, would either not be payable or would have an insignificant impact on the expense amounts shown above, is not included in the example. This illustration assumes that we will not realize any capital gains (computed net of all realized capital losses and unrealized capital depreciation) in any of the indicated time periods. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our expenses and returns to our investors would be higher. For example, if we assumed that we received our 5% annual return completely in the form of net realized capital gains on our investments, computed net of all cumulative unrealized depreciation on our investments, the projected dollar amount of total cumulative expenses set forth in the above illustration would be as follows:

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5% annual return	$ 38	$ 116	$ 195	$ 403

In addition, the example assumes no sales load. Also, while the example assumes reinvestment of all dividends at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend payable to a participant by the market price per share of our common stock at the close of trading on the dividend payment date, which may be at, above or below net asset value. See Dividend Reinvestment Plan for additional information regarding our dividend reinvestment plan.

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SELECTED FINANCIAL AND OTHER DATA

The selected financial and other data below should be read in conjunction with our Management s Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and notes thereto. Financial information is presented for the fiscal year ended December 31, 2011 and for the period from January 28, 2011 (inception) through December 31, 2011. Financial information for the period ended December 31, 2011 has been derived from our financial statements that were audited by KPMG LLP (KPMG), an independent registered public accounting firm. The financial information at and for the three months ended March 31, 2012 was derived from our unaudited financial statements and related notes. In the opinion of management, all adjustments, consisting solely of normal recurring accruals, considered necessary for the fair presentation of financial statements for the interim periods, have been included. Our results for the interim period may not be indicative of our results for the full year. See Management s Discussion and Analysis of Financial Condition and Results of Operations and Senior Securities below for more information.

($ in thousands, except per share data)	Three months ended March 31, 2012(4) (unaudited)	Period from January 28, 2011(3) to December 31, 2011
Income statement data:		
Total investment income	$ 3,909	$ 7,890
Total expenses	$ 1,283	$ 5,290
Net investment income	$ 2,626	$ 2,600
Net realized gain (loss)	$ 42	$ (576)
Net change in unrealized gain (loss)	$ 3,049	$ (2,274)
Net increase (decrease) in net assets resulting from operations	$ 5,717	$ (250)
Other data (unaudited):		
Weighted average annualized yield on income producing investments:		
On fair value(1)(4)	8.2%	8.5%
On cost(2)(4)	8.2%	8.4%
Number of portfolio companies at period end(4)	26	21

($ in thousands, except per share data)	As of March 31, 2012(4) (unaudited)	As of December 31, 2011(5)
Balance sheet data:		
Total investment portfolio	$ 215,008	$ 177,749
Total cash and cash equivalents	$ 1,820	$ 2,934
Total assets	$ 218,719	$ 187,395
Credit facility payable	$ 18,150	$ 8,600
Net assets	$ 175,302	$ 172,435
Per share data:		
Net asset value per share	$ 18.45	$ 18.15
Net investment income	$ 0.28	$ 0.30
Net realized and unrealized gain (loss)	$ 0.32	$ (0.33)
Dividends and distributions declared	$ 0.30	$ 0.55

(1) Throughout this document, the weighted average yield on income producing investments is computed as the (a) annual stated interest on accruing loans and debt securities plus the annual amortization of loan origination fees, original issue discount, and market discount on accruing loans and debt securities, plus the effective interest yield on preferred shares divided by (b) total income producing investments at fair value.

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The weighted average yield is computed as of the balance sheet date and excludes assets on non-accrual status or on a cost recovery basis as of such date.

(2) For this calculation, the weighted average yield on income producing investments is computed as the (a) annual stated interest on accruing loans and debt securities plus the annual amortization of loan origination fees, original issue discount, and market discount on accruing loans and debt securities, plus the effective interest yield on preferred shares divided by (b) total income producing investments at cost. The weighted average yield is computed as of the balance sheet date and excludes assets on non-accrual status or on a cost recovery basis as of such date.

(3) Commencement of Operations.

(4) Unaudited.

(5) For the period from January 28, 2011 (commencement of operations) through December 31, 2011.

Selected Quarterly Financial Data (Unaudited)

(dollar amounts in thousands, except per share data)

	2012
	Q1
Total investment income	$ 3,909
Net investment income	$ 2,626
Net realized and unrealized gain	$ 3,091
Earnings per share(1)	$ 0.60
Net asset value per share at the end of the quarter(2)	$ 18.45

	2011			
	Q4	Q3	Q2	Q1
Total investment income	$ 3,554	$ 2,874	$ 1,405	$ 57
Net investment income (loss)	$ 2,570	$ (644)	$ 794	$ (120)
Net realized and unrealized gain (loss)	$ 1,676	$ (4,844)	$ 180	$ 138
Earnings per share(3)	$ 0.45	$ (0.58)	$ 0.10	$ (5)
Net asset value per share at the end of the quarter(4)	$ 18.15	$ 17.97	$ 18.78	$ 18.73

(1) Based on 9,500,100 weighted average shares of Solar Senior Capital Ltd. outstanding during the first quarter of 2012.

(2) Based on 9,500,100 shares of Solar Capital Ltd. outstanding as of the end of the first quarter of 2012.

(3) Based on 4,758,110, 9,500,100, 9,500,100 and 9,500,100 weighted average shares of Solar Senior Capital Ltd. outstanding during each of the first, second, third and fourth quarters of 2011, respectively.

(4) Based on 9,500,100 shares of Solar Senior Capital Ltd. outstanding as of the end of the first, second, third and fourth quarter of 2011.

(5) Less than $0.005 per share.

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RISK FACTORS

Before you invest in our securities, you should be aware of various risks, including those described below. You should carefully consider these risk factors, together with all of the other information included in this prospectus, before you decide whether to make an investment in our securities. The risks set out below are not the only risks we face. If any of the following events occur, our business, financial condition and results of operations could be materially adversely affected. In such case, our net asset value and the trading price of our common stock could decline or the value of our debt securities may decline, and you may lose all or part of your investment.

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 with other BDCs, public and private funds, commercial and investment banks, commercial financing companies and, to the extent they provide an alternative form of financing, private equity funds. Many of our potential competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments than we do, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our potential competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this competition, we may not be able to take advantage of attractive investment opportunities from time to time, and we can offer no assurance that we will be able to identify and make investments that are consistent with our investment objective.

We do not seek to compete primarily based on the interest rates we offer, and we believe that some of our competitors may make loans with interest rates that may be comparable to or lower than the rates we may offer. We may lose investment opportunities if we do not match our competitors pricing, terms and structure. However, if we match our competitors pricing, terms and structure, we may experience decreased net interest income and increased risk of credit loss.

Our investments are very risky and highly speculative.

We invest primarily in senior secured loans, including first lien, unitranche and second lien debt instruments, made to middle-market companies whose debt is rated below investment grade. Securities rated below investment grade are often referred to as leveraged loans, high yield or junk securities, and may be considered high risk compared to debt instruments that are rated above investment grade.

When we make a senior secured term loan investment in a portfolio company, we generally take a security interest in the available assets of the portfolio company, including the equity interests of its subsidiaries, which we expect to help mitigate the risk that we will not be repaid. However, there is a risk that the collateral securing our loans may decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital, and, in some circumstances, our lien could be subordinated to claims of other creditors. In addition, deterioration in a portfolio company s financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan. Consequently, the fact that a loan is secured does not guarantee that we will receive principal and interest payments according to the loan s terms, or at all, or that we will be able to collect on the loan should we be forced to enforce our remedies.

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

- these companies may have limited financial resources and may be unable to meet their obligations under their debt securities that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees we may have obtained in connection with our investment;

- they typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors actions and market conditions, as well as general economic downturns;

- they are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us;

- they generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position. In addition, our executive officers, directors and our investment adviser may, in the ordinary course of business, be named as defendants in litigation arising from our investments in the portfolio companies; and

- they may have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity.

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 restrictions on resale or will otherwise be less liquid than publicly traded securities. The illiquidity of our investments may make it difficult for us to sell such investments if the need arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we have previously recorded our investments. In addition, we may face other restrictions on our ability to liquidate an investment in a portfolio company to the extent that we have material non-public information regarding such portfolio company.

Our portfolio may be concentrated in a limited number of portfolio companies and industries, which will subject us to a risk of significant loss if any of these companies defaults on its obligations under any of its debt instruments or if there is a downturn in a particular industry.

Although we do not intend to focus our investments in any specific industries, our portfolio may be concentrated in a limited number of portfolio companies and industries. Beyond the asset diversification requirements associated with our qualification as a RIC under Subchapter M of the Code, we will not have fixed guidelines for diversification, and while we will not target any specific industries, our investments may be concentrated in relatively few industries. As a result, the aggregate returns we will realize may be significantly adversely affected if a small number of investments perform poorly or if we need to write down the value of any one investment. Additionally, a downturn in any particular industry in which we are invested could also significantly impact the aggregate returns we realize.

Capital markets have recently been in a period of disruption and instability. These market conditions have materially and adversely affected debt and equity capital markets in the United States and abroad, which may in the future have a negative impact on our business and operations.

The global capital markets have recently been in a period of disruption as evidenced by a lack of liquidity in the debt capital markets, significant write-offs in the financial services sector, the re-pricing of credit risk in the broadly syndicated credit market and the failure of certain major financial institutions. 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. These conditions could continue for a prolonged period of time or worsen in the future. While these conditions persist, we and other companies in the financial services sector may have to access, if available, alternative markets for debt and equity capital. Equity capital may be difficult to raise because, subject to some limited exceptions which apply to us, as a BDC we are generally not able to issue additional shares of our common stock at a price less than net asset value without first obtaining approval for such issuance from our stockholders and our independent directors. At our 2012 Annual Stockholders Meeting, subject to certain determinations required to be made by our board of directors, our stockholders approved our ability to sell or otherwise issue shares of our common stock, not exceeding 25% of our then outstanding common stock immediately prior to each such offering, at a price below the then current net asset value per share during a period beginning on May 3, 2012 and expiring on the earlier of the one-year anniversary of the date of the 2012 Annual Stockholders Meeting and the date of our 2012 Annual Stockholders Meeting, which is expected to be held in May 2013. However, notwithstanding such stockholder approval, since our initial public offering on February 24, 2011, we have not sold any shares of our common stock at a price below our then current net asset value per share. In addition, our ability to incur indebtedness (including by issued preferred stock) is limited by applicable regulations such that our asset coverage, as defined in the 1940 Act, must equal at least 200% immediately after each time we incur indebtedness. 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. Any inability to raise capital could have a negative effect on our business, financial condition and results of operations.

The illiquidity of our investments may make it difficult for us to sell such investments if required. As a result, we may realize significantly less than the value at which we will have recorded our investments. In addition, significant changes in the capital markets may have a negative effect on the valuations of our investments and on the potential for liquidity events involving our investments. An inability to raise capital, and any required sale of our investments for liquidity purposes, could have a material adverse impact on our business, financial condition or results of operations.

The recent downgrade of the U.S. credit rating and the economic crisis in Europe could negatively impact our business, financial condition and results of operations.

Recent U.S. debt ceiling and budget deficit concerns, together with signs of deteriorating sovereign debt conditions in Europe, have increased the possibility of additional credit-rating downgrades and economic slowdowns. Although U.S. lawmakers passed legislation to raise the federal debt ceiling, Standard & Poor s Ratings Services lowered its long-term sovereign credit rating on the United States from AAA to AA+ in August 2011. The impact of this or any further downgrades to the U.S. government s sovereign credit rating, or its perceived creditworthiness, and the impact of the current crisis in Europe with respect to the ability of certain European Union countries to continue to service their sovereign debt obligations is inherently unpredictable and could adversely effect the U.S. and global financial markets and economic conditions. There can be no assurance that governmental or other measures to aid economic recovery will be effective. These developments, and the government s credit concerns in general, could cause interest rates and borrowing costs to rise, which may negatively impact our ability to access the capital markets on favorable terms. In addition, the decreased credit rating could create broader financial turmoil and uncertainty, which may weigh heavily on our stock price. Continued adverse economic conditions could have a material adverse effect on our business, financial condition and results of operations.

Economic recessions or downturns could impair our portfolio companies and harm our operating results.

Many of our potential portfolio companies may be susceptible to economic slowdowns or recessions and may be unable to repay our loans during these periods. Therefore, our non-performing assets may increase and the value of our portfolio may decrease during these periods as we will be required to record the values of our investments. Adverse economic conditions also may decrease the value of collateral securing some of our loans

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and the value of our equity investments at fair value. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions