

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the

Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 17, 2014

HORIZON TECHNOLOGY FINANCE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

814-00802
(Commission File Number)

27-2114934
(I.R.S. Employer Identification No.)

312 Farmington Avenue
Farmington, CT 06032
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(860) 676-8654**

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Section 1 Registrant's Business and Operations
Item 1.02 Termination of a Material Definitive Agreement.

On June 17, 2014, Horizon Credit III LLC ("Credit III"), a wholly-owned subsidiary of Horizon Technology Finance Corporation (the "Company") repaid all of its outstanding obligations to Fortress Credit Co LLC ("Fortress") pursuant to a certain Loan and Security Agreement, dated as of August 23, 2012, by and among Credit III, as borrower, and Fortress, as lender and administrative agent (the "Fortress Facility") and terminated the Fortress Facility. The Fortress Facility had a facility limit of \$75 million and bore interest based upon the one month London Interbank Offered Rate ("LIBOR") plus a spread of 6.00%. The term loans extended pursuant to the Fortress Facility were collateralized by all loans and warrants held by Credit III. At March 31, 2014 and December 31, 2013, the Company had actual borrowings outstanding of approximately \$10.0 million under the Fortress Facility. In connection with the termination of the Fortress Facility, the Company also terminated a certain Sale and Servicing Agreement, dated as of August 23, 2012, by and among the Company, as originator, Credit III, as buyer, Horizon Technology Finance Management LLC, as servicer, U.S. Bank National Association, as collateral custodian and Fortress, as agent (the "Sale and Servicing Agreement"). The Sale and Servicing Agreement provided for the purchase by Credit III of certain loans and warrants which were pledged as collateral under the Fortress Facility.

On June 17, 2014, the Company issued a press release announcing the prepayment and termination of the Fortress Facility, a copy of which is attached hereto as Exhibit 99.1 and is incorporated into this Current Report on Form 8-K by reference.

Section 9 Financial Statements and Exhibits
Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

99.1 Press release of the Company dated June 17, 2014.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 17, 2014

HORIZON TECHNOLOGY FINANCE CORPORATION

By: /s/ Robert D. Pomeroy, Jr.
Robert D. Pomeroy, Jr.
*Chief Executive Officer and
Chairman of the Board*



Horizon Technology Finance Announces Prepayment and Termination of Term Loan Facility

Company Lowers Future Borrowings Costs

FARMINGTON, Conn., June 17, 2014 – Horizon Technology Finance Corporation (Nasdaq: HRZN) (the "Company" or "Horizon"), a leading specialty finance company that provides secured loans to venture capital and private equity backed development-stage companies in the technology, life science, healthcare information and services, and cleantech industries, announced today the termination of its term loan credit facility ("Term Loan Facility") with Fortress Credit Co LLC, an affiliate of Fortress Investment Group LLC (NYSE: FIG) ("Fortress Credit") and the Company's prepayment of all outstanding amounts due thereunder. Horizon maintains borrowing capacity pursuant to its existing \$50 million revolving credit facility (the "Key Facility") with Key Equipment Finance Inc. ("Key") which contains an accordion feature allowing for an increase in the total loan commitment up to an aggregate commitment of \$150 million.

"Horizon made the strategic decision to prepay the Term Loan Facility in order to significantly reduce its future interest expense and better align Horizon's total borrowing commitments with its current equity base," stated Christopher M. Mathieu, Senior Vice President and Chief Financial Officer. "The termination of the Term Loan Facility is expected to result in an effective interest rate on Horizon's borrowings for the second half of 2014 of approximately 6.2%, as compared to an effective interest rate of approximately 6.9% for the first half of 2014."

In connection with the prepayment and termination of the Term Loan Facility, Horizon expects to record a one-time interest expense charge of \$1.9 million for the quarter ended June 30, 2014. These nonrecurring expenses consist of a non-cash expense of \$1.1 million from the acceleration of unamortized debt issuance costs, and a cash expense of \$0.8 million incurred by the payment of a prepayment fee. The non-recurring expenses are expected to be partially offset by a reduction of approximately \$0.7 million in incentive fees that would otherwise have been due to the Company's advisor in the second quarter if the Term Loan Facility had not been terminated. As a result, the net impact from the prepayment and termination of the Term Loan Facility on Horizon's net investment income is expected to be approximately \$1.2 million, or \$0.12 per share, for the quarter ended June 30, 2014. There will be no ongoing obligations or expenses associated with the termination and prepayment of the Term Loan Facility.

As a result of the termination and prepayment of the Term Loan Facility, commencing with the third quarter of 2014, Horizon expects to reduce its quarterly interest expense by approximately \$0.3 million, or \$0.03 per share. These anticipated expense savings reflect the elimination of debt issuance costs and non-usage fees with respect to the Term Loan Facility, as well as lower future borrowing costs under the Key Facility. The Key Facility has a current interest rate of 4.00%, as compared to an interest rate of 7.00% under the Term Loan Facility. Horizon currently has no outstanding borrowings under the Key Facility, but expects to borrow under the Key Facility by the end of the second quarter.

About Horizon Technology Finance

Horizon Technology Finance Corporation is a business development company that provides secured loans to development-stage companies backed by established venture capital and private equity firms within the technology, life science, healthcare information and services, and cleantech industries. The investment objective of Horizon is to maximize total returns by generating current income from a portfolio of directly originated secured loans as well as capital appreciation from warrants that it receives when making such loans. Headquartered in Farmington, Connecticut, with regional offices in Walnut Creek, California and Reston, Virginia, Horizon is externally managed by its investment advisor, Horizon Technology Finance Management LLC. Horizon's common stock trades on the NASDAQ Global Select Market under the ticker symbol "HRZN". In addition, Horizon's 7.375% Senior Notes due 2019 trade on the New York Stock Exchange under the ticker symbol "HTF." To learn more, please visit www.horizontechnologyfinancecorp.com.

Forward-Looking Statements

Statements included herein may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Statements other than statements of historical facts included in this press release may constitute forward-looking statements and are not guarantees of future performance, condition or results and involve a number of risks and uncertainties. Actual results may differ materially from those in the forward-looking statements as a result of a number of factors, including those described from time to time in our filings with the Securities and Exchange Commission. Horizon undertakes no duty to update any forward-looking statement made herein. All forward-looking statements speak only as of the date of this press release.

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