

Solar Capital Ltd.
Form PRE 14A
March 22, 2011

SCHEDULE 14A

(RULE 14a-101)

Information Required in Proxy Statement

Schedule 14A Information

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

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

Solar Capital Ltd.

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

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

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

(4) Proposed maximum aggregate value of transaction:

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(1) Amount previously Paid:

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

(3) Filing party:

(4) Date filed:

SOLAR CAPITAL LTD.

500 Park Avenue

New York, New York 10022

(212) 993-1670

April [], 2011

Dear Stockholder:

You are cordially invited to attend the 2011 Annual Meeting of Stockholders of Solar Capital Ltd. (the Company) to be held on June 9, 2011 at 11:30 a.m., Eastern Time, at the offices of Sutherland, Asbill & Brennan LLP located at 1114 Avenue of the Americas, 40th Floor, New York, New York 10036.

The notice of annual meeting and proxy statement accompanying this letter provide an outline of the business to be conducted at the meeting. At the meeting, you will be asked to: (i) elect two directors of the Company; (ii) ratify the selection of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011; (iii) approve a proposal to authorize the Company, with the approval of its board of directors, to sell shares of its common stock at a price or prices below the Company's then current net asset value per share in one or more offerings, subject to certain conditions as set forth in the proxy statement (including, without limitation, that the number of shares issued does not exceed 25% of the Company's then outstanding common stock); and, (iv) approve a proposal to authorize the Company to issue securities to subscribe to, convert to, or purchase shares of the Company's common stock in one or more offerings, subject to certain conditions as set forth in the proxy statement. I will provide a presentation on the business and will also be available to respond to stockholders questions.

It is important that your shares be represented at the annual meeting. If you are unable to attend the meeting in person, I urge you to complete, date and sign the enclosed proxy card and promptly return it in the envelope provided. If you prefer, you can save time by voting through the Internet or by telephone as described in the proxy statement and on the enclosed proxy card. Your vote and participation in the governance of the Company is very important to us.

Sincerely yours,
Michael Gross
Chairman, Chief Executive Officer and President

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on June 9, 2011.

Our proxy statement and annual report on Form 10-K for the year ended December 31, 2010 are available on the Internet through our website at <http://www.solarcapltd.com>.

The following information applicable to the Annual Meeting may be found in the proxy statement and accompanying proxy card:

The date, time and location of the meeting;

A list of the matters intended to be acted on and our recommendations regarding those matters;

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Any control/identification numbers that you need to access your proxy card; and

Information about attending the meeting and voting in person.

SOLAR CAPITAL LTD.

500 Park Avenue

New York, New York 10022

(212) 993-1670

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON JUNE 9, 2011

To the Stockholders of Solar Capital Ltd.:

The 2011 Annual Meeting of Stockholders of Solar Capital Ltd. (the Company) will be held at the offices of Sutherland, Asbill & Brennan LLP located at 1114 Avenue of the Americas, 40th Floor, New York, New York 10036 on Thursday, June 9, 2011 at 11:30 a.m., Eastern Time, for the following purposes:

1. To elect two directors of the Company, who will each serve for a term of three years, or until his successor is duly elected and qualified;
2. To ratify the selection of KPMG LLP to serve as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011;
3. To approve a proposal to authorize the Company, with the approval of its board of directors, to sell shares of its common stock at a price or prices below the Company's then current net asset value per share in one or more offerings, subject to certain conditions as set forth in the proxy statement (including, without limitation, that the number of shares issued does not exceed 25% of the Company's then outstanding common stock);
4. To approve a proposal to authorize the Company to issue securities to subscribe to, convert to, or purchase shares of the Company's common stock in one or more offerings, subject to certain conditions as set forth in the proxy statement; and
5. To transact such other business as may properly come before the meeting.

You have the right to receive notice of and to vote at the meeting if you were a stockholder of record at the close of business on April 14, 2011. If you are unable to attend, please sign the enclosed proxy card and return it promptly in the self-addressed envelope provided or vote by telephone or through the Internet. Please refer to the voting instructions provided on your proxy card. In the event there are not sufficient votes for a quorum or to approve the proposals at the time of the annual meeting, the annual meeting may be adjourned in order to permit further solicitation of proxies by the Company.

New York, New York

April [], 2011

By Order of the Board of Directors,
Nicholas Radesca,
Corporate Secretary

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This is an important meeting. To ensure proper representation at the meeting, please complete, sign, date and return the proxy card in the enclosed self-addressed envelope or vote by telephone or through the Internet. Even if you vote your shares prior to the meeting, you still may attend the meeting and vote your shares in person if you wish to change your vote.

SOLAR CAPITAL LTD.

500 Park Avenue

New York, New York 10022

(212) 993-1670

PROXY STATEMENT

2011 Annual Meeting of Stockholders

This Proxy Statement is furnished in connection with the solicitation of proxies by the board of directors of Solar Capital Ltd. (the Company, we, us or our) for use at the Company's 2011 Annual Meeting of Stockholders (the Meeting) to be held on Thursday, June 9, 2011 at 11:30 a.m. Eastern Time, at the offices of Sutherland, Asbill & Brennan LLP located at 1114 Avenue of the Americas, 40th Floor, New York, New York 10036 and at any postponements or adjournments thereof. This Proxy Statement, the accompanying proxy card and the Company's Annual Report for the fiscal year ended December 31, 2010, are first being sent to stockholders on or about April [], 2011.

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

If you are a stockholder of record (i.e., you hold shares directly in your name), you may revoke a proxy at any time before it is exercised by notifying the proxy tabulator, Broadridge Financial Solutions, Inc. (Broadridge), in writing, by submitting a properly executed, later-dated proxy, or by voting in person at the Meeting. Please send your notification to Solar Capital Ltd., c/o Broadridge Financial Solutions, Inc., 51 Mercedes Way, Edgewood, NY 11717, and submit a properly executed, later-dated proxy or vote in person at the Meeting. Any stockholder of record attending the Meeting may vote in person whether or not he or she has previously voted his or her shares. If your shares are held for your account by a broker, bank or other institution or nominee (Broker Shares), you may vote such shares at the Meeting only if you obtain proper written authority from your institution or nominee and present it at the Annual Meeting. All of our directors are encouraged to attend the Meeting.

Stockholders of record may also vote either via the Internet or by telephone. Specific instructions to be followed by stockholders of record interested in voting via the Internet or the telephone are shown on the enclosed proxy card. The Internet and telephone voting procedures are designed to authenticate the stockholder's identity and to allow stockholders to vote their shares and confirm that their instructions have been properly recorded.

Purpose of Meeting

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

1. To elect two directors of the Company, who will each serve for a term of three years, or until his successor is duly elected and qualified;
2. To ratify the selection of KPMG LLP to serve as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011;

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3. To approve a proposal to authorize the Company, with the approval of its board of directors, to sell shares of its common stock at a price or prices below the Company's then current net asset value per share in one or more offerings, subject to certain conditions as set forth in the proxy statement (including, without limitation, that the number of shares issued does not exceed 25% of the Company's then outstanding common stock);
4. To approve a proposal to authorize the Company to issue securities to subscribe to, convert to, or purchase shares of the Company's common stock in one or more offerings, subject to certain conditions as set forth in the proxy statement; and
5. To transact such other business as may properly come before the meeting.

Voting Securities

You may vote your shares, in person or by proxy, at the Meeting only if you were a stockholder of record at the close of business on April 14, 2011 (the Record Date). There were 36,383,158 shares of the Company's common stock outstanding on the Record Date. Each share of the common stock is entitled to one vote.

Quorum Required

A quorum must be present at the Meeting for any business to be conducted. The presence at the Meeting, in person or by proxy, of the holders entitled to cast a majority of the shares of common stock of the Company entitled to be cast on the record date will constitute a quorum. Abstentions will be treated as shares present for quorum purposes. Broker shares for which the nominee has not received voting instructions from the record holder and does not have discretionary authority to vote the shares on certain proposals (which are considered Broker Non-Votes with respect to such proposals) will be treated as shares present for quorum purposes.

If a quorum is not present at the Meeting, the stockholders who are represented may adjourn the Meeting until a quorum is present. The persons named as proxies will vote those proxies for such adjournment, unless marked to be voted against any proposal for which an adjournment is sought, to permit the further solicitation of proxies.

Vote Required

Election of Directors. The election of a director requires the affirmative vote of a plurality of the votes cast at the Meeting in person or by proxy. Stockholders may not cumulate their votes. If you vote *Withhold Authority* with respect to a nominee, your shares will not be voted with respect to the person indicated. Abstentions and Broker Non-Votes will not be included in determining the number of votes cast and, as a result, will have no effect on this proposal.

Ratification of Independent Registered Public Accounting Firm. The affirmative vote of a majority of the votes cast at the Meeting in person or by proxy is required to ratify the appointment of KPMG LLP to serve as the Company's independent registered public accounting firm. Abstentions and Broker Non-Votes will not be included in determining the number of votes cast and, as a result, will have no effect on this proposal.

Approval of a Proposal to Authorize the Company to Sell Shares of its Common Stock at a Price or Prices Below the Company's then Current Net Asset Value Per Share in One or More Offerings, Subject to Certain Conditions as Set Forth in the Proxy Statement (Including, Without Limitation, that the Number of Shares Issued Does Not Exceed 25% of the Company's then Outstanding Common Stock). The affirmative vote of (1) a majority of the outstanding shares of common stock entitled to vote at the Meeting; and (2) a majority of the outstanding shares of common stock entitled to vote at the Meeting that are not held by affiliated persons of the Company is required to approve this proposal. For purposes of this proposal, the Investment Company Act of 1940, as amended (the 1940 Act), defines a majority of the outstanding shares as: (1) 67% or more of the voting securities present at the Meeting if the holders of more than 50% of the outstanding voting securities of such company are present or represented by proxy; or (2) 50% of the outstanding voting securities of the Company, whichever is the less. Abstentions and Broker Non-Votes will have the effect of a vote against this proposal.

Approval of Proposal to Authorize Issuance of Securities to Subscribe to, Convert to or Purchase Common Stock. The affirmative vote of a majority of the votes cast at the Meeting in person or by proxy is required to approve this proposal. Abstentions and Broker Non-Votes will not be included in determining the number of votes cast and, as a result, will have no effect on this proposal.

Additional Solicitation. If there are not enough votes to approve any proposals at the Meeting, the stockholders who are represented may adjourn the Meeting to permit the further solicitation of proxies. The persons named as proxies will vote those proxies for such adjournment, unless marked to be voted against any proposal for which an adjournment is sought, to permit the further solicitation of proxies.

Also, a stockholder vote may be taken on one or more of the proposals in this Proxy Statement prior to any such adjournment if there are sufficient votes for approval of such proposal(s).

Information Regarding This Solicitation

Our board of directors is making this proxy solicitation and the Company will bear the expense of the solicitation of proxies for the Meeting, including the cost of preparing, printing and mailing this Proxy Statement, the accompanying Notice of Annual Meeting of Stockholders, and proxy card. If brokers, trustees, or fiduciaries and other institutions or nominees holding shares in their names, or in the name of their nominees, which are beneficially owned by others, forward the proxy materials to, and obtain proxies from, such beneficial owners, we will reimburse such persons for their reasonable expenses in so doing. In addition, we will indemnify them against any losses arising out of that firm's proxy

soliciting services on our behalf.

In addition to the solicitation of proxies by the use of the mail, proxies may be solicited in person and/or by telephone or facsimile transmission by directors, officers or employees of the Company and/or officers or employees of Solar Capital Partners, LLC (Solar Capital Partners), the Company's investment adviser. Solar Capital Partners and Solar Capital Management, LLC (Solar Capital Management), the Company's administrator, are both located at 500 Park Avenue, New York, New York 10022. No additional compensation will be paid to directors, officers or regular employees of the Company or Solar Capital Partners for such services. The Company has also retained Morrow & Co., LLC to assist in the solicitation of proxies for the annual meeting for a fee of approximately \$12,500, plus reimbursement of certain out of pocket expenses.

Stockholders may also provide their voting instructions by telephone or through the Internet. These options require stockholders to input the Control Number which is located on each proxy card. After inputting this number, stockholders will be prompted to provide their voting instructions. Stockholders will have an opportunity to review their voting instructions and make any necessary changes before submitting their voting instructions and terminating their telephone call or Internet link. Stockholders who vote via the Internet, in addition to confirming their voting instructions prior to submission, will also receive an e-mail confirming their instructions upon request.

If a stockholder wishes to participate in the Meeting, but does not wish to give a proxy by telephone or electronically, the stockholder may still submit the proxy card originally sent with this Proxy Statement or attend in person.

Any proxy given pursuant to this solicitation may be revoked by notice from the person giving the proxy at any time before it is exercised. Any such notice of revocation should be provided in writing and signed by the stockholder in the same manner as the proxy being revoked and delivered to the Company's proxy tabulator.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth, as of the Record Date, the beneficial ownership of each current director, the nominees for director, the Company's executive officers, each person known to us to beneficially own 5% or more of the outstanding shares of our common stock, and the executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission (SEC) and includes voting or investment power with respect to the securities. Ownership information for those persons who beneficially own 5% or more of our shares of common stock is based upon reports filed by such persons with the SEC and other information obtained from such persons, if available.

Unless otherwise indicated, the Company believes that each beneficial owner set forth in the table has sole voting and investment power and has the same address as the Company. Our address is 500 Park Avenue, New York, New York 10022.

Name and Address of Beneficial Owner	Number of Shares Owned Beneficially ⁽¹⁾	Percentage of Class ⁽²⁾
Interested Directors		
Michael S. Gross ⁽³⁾	2,088,149	5.74%
Bruce Spohler ⁽³⁾	2,055,649	5.65%
Independent Directors		
Steven Hochberg	5,500	*
David S. Wachter	10,000	*
Leonard A. Potter	10,000	*
Executive Officers		
Nicholas Radesca	6,300	*
Guy Talarico		
All executive officers and directors as a group (7 persons)	2,119,949	5.83%
Magnetar Financial LLC ⁽⁴⁾	4,533,476	12.46%
Thornburg Investment Management Inc. ⁽⁵⁾	2,996,800	8.23%
Baupost Group Securities, LLC ⁽⁶⁾	2,010,973	5.53%
Legg Mason Capital Management ⁽⁷⁾	1,851,410	5.09%
SAB Capital Advisors, L.L.C. ⁽⁸⁾	1,843,183	5.07%
Wellington Management Company, LLP ⁽⁹⁾	1,833,482	5.04%

* Represents less than one percent.

⁽¹⁾ Beneficial ownership has been determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act). Assumes no other purchases or sales of our common stock since the most recently available SEC filings. This assumption has been made under the rules and regulations of the SEC and does not reflect any knowledge that we have with respect to the present intent of the beneficial owners of our common stock listed in this table.

⁽²⁾ Based on a total of 36,383,158 shares of the Company's common stock issued and outstanding on the Record Date.

⁽³⁾ Includes 1,340,649 shares held by Solar Capital Investors, LLC and 715,000 shares held by Solar Capital Investors II, LLC, both of which may be deemed to be beneficially owned by Messrs. Gross and Spohler by virtue of their collective ownership interest therein.

⁽⁴⁾ Such securities are held by certain funds and other entities controlled and/or managed by Magnetar Financial LLC or its affiliates. The address for Magnetar Financial LLC is 1603 Orrington Avenue, Evanston, IL 60201.

⁽⁵⁾ Such securities are held by certain investment vehicles controlled and/or managed by Thornburg Investment Management Inc. or its affiliates. The address for Thornburg Investment Management Inc. is 2300 North Ridgetop Road, Santa Fe, New Mexico 87506.

⁽⁶⁾ Such securities are held by certain investment vehicles controlled and/or managed by Baupost Group Securities, LLC. The address for Baupost Group Securities, LLC is 10 St. James Avenue Suite 2000 Boston, MA 02116.

⁽⁷⁾ Such securities are held by certain investment vehicles controlled and/or managed by Legg Mason Capital Management or its affiliates. The address for Legg Mason Capital Management is 100 International Drive, Baltimore, MD 21202.

⁽⁸⁾ Such securities are held by certain investment vehicles controlled by SAB Capital Advisors, L.L.C. The address for SAB Capital Advisors, L.L.C. is 767 Fifth Avenue, 21st Floor, New York, New York 10153.

⁽⁹⁾ Such securities are held by certain investment vehicles controlled and/or managed by Wellington Management Company, LLP. The address for Wellington Management Company, LLP is 280 Congress Street, Boston, MA 02210.

Set forth below is the dollar range of equity securities beneficially owned by each of our directors as of the Record Date. We are not part of a family of investment companies, as that term is defined in the 1940 Act.

Name of Director	Dollar Range of Equity Securities Beneficially Owned ⁽¹⁾⁽²⁾
Interested Directors	
Michael S. Gross	Over \$100,000
Bruce Spohler	Over \$100,000
Independent Directors	
Steven Hochberg	Over \$100,000
David S. Wachter	Over \$100,000
Leonard A. Potter	Over \$100,000

(1) The dollar ranges are: None, \$1-\$10,000, \$10,001-\$50,000, \$50,001-\$100,000, or Over \$100,000.

(2) The dollar range of equity securities beneficially owned in us is based on the closing price for our common stock of \$[] on the Record Date on the NASDAQ Global Select Market. Beneficial ownership has been determined in accordance with Rule 16a-1(a)(2) of the Exchange Act.

PROPOSAL I: ELECTION OF DIRECTORS

Pursuant to the Company's charter and bylaws, the board of directors is divided into three classes. Directors are elected for a staggered term of three years each, with a term of office of one of the three classes of directors expiring each year. Each director will hold office for the term to which he or she is elected or until his successor is duly elected and qualified.

Mr. Bruce Spohler and Mr. Steven Hochberg have each been nominated for election for a three year term expiring in 2014. Each of Messrs. Spohler and Hochberg are not being proposed for election pursuant to any agreement or understanding between either Mr. Spohler or Mr. Hochberg and the Company.

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

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF THE NOMINEES NAMED IN THIS PROXY STATEMENT.

Information about the Nominees and Directors

As described below under Committees of the Board of Directors Nominating and Corporate Governance Committee, the board of directors has identified certain desired attributes for director nominees. Each of our directors and each director nominee has demonstrated high character and integrity, superior credentials and recognition in his respective field and the relevant expertise and experience upon which to be able to offer advice and guidance to our management. Each of our directors and each director nominee also has sufficient time available to devote to the affairs of the Company, is able to work with the other members of the board of directors and contribute to the success of the Company and can represent the long-term interests of the Company's stockholders as a whole. Our directors and the director nominees have been selected such that the board of directors represents a range of backgrounds and experience.

Certain information, as of the Record Date, with respect to the nominees for election at the Meeting, as well as each of the current directors, is set forth below, including their names, ages, a brief description of their recent business experience, including present occupations and employment, certain directorships that each person holds, the year in which each person became a director of the Company, and a discussion of their particular experience, qualifications, attributes or skills that lead us to conclude, as of the Record Date, that such individual should serve as a director of Solar Capital, in light of Solar Capital's business and structure.

The business address of each nominee and the directors listed below is 500 Park Avenue, New York, New York 10022.

Nominees for Director

Mr. Spohler is an interested person of the Company as defined in the 1940 Act due to his position as the Chief Operating Officer of the Company and a partner of Solar Capital Partners, the Company's investment adviser. Mr. Hochberg is not an interested person of the Company as defined in the 1940 Act.

Nominees for Class II Directors Term Expiring 2014

Name, Address and Age(1)	Position(s) Held with Company	Terms of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Other Directorships Held by Director or Nominee for Director During Past 5 Years(2)
Interested Director Bruce Spohler, 50	Director; Chief Operating Officer.	Class II Director since 2009; Term expires 2011.	Chief Operating Officer of Solar Capital since 2007; previously, Managing Director and a former Co-Head of U.S. Leveraged Finance for CIBC World Markets since 1995.	Director of Solar Senior Capital Ltd.

Mr. Spohler's depth of experience in managerial positions in investment management, leveraged finance and financial services, as well as his intimate knowledge of Solar Capital's business and operations, gives the board of directors valuable industry-specific knowledge and expertise.

Independent Director

Steven Hochberg, 49	Director	Class II Director since 2007; Term expires 2011.	Founder of Ascent Biomedical Ventures, a venture investor in biomedical technology companies, since 1992.	Director of Solar Senior Capital Ltd., Chairman of the Board of Directors of Biomerix Corporation, Crosstrees Medical, Inc. and Ouroboros, Inc., and Director of Synecor, LLC.
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Mr. Hochberg's varied experience in investing in medical technology companies provides the board of directors with particular knowledge of this field, and his role as chairman of other companies' board of directors brings the perspective of a knowledgeable corporate leader.

Current Directors

Interested Directors

Mr. Gross is an interested person of the Company as defined in the 1940 Act due to his position as the Chief Executive Officer and President of the Company and the managing member of Solar Capital Partners, the Company's investment adviser.

Class I Director Term Expiring 2013

Name, Address and Age(1)	Position(s) Held with Company	Terms of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Other Directorships Held by Director or Nominee for Director During Past 5 Years(2)
Independent Director David S. Wachter, 47	Director	Class I Director since 2007; Term expires 2013.	President and Managing Director of W Capital	Director of Solar Senior Capital Ltd. and

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Partners, a private equity fund manager, from 2001 to present. Director of several private companies.

Mr. Wachter's extensive knowledge of private equity and investment banking provides the board of directors with the valuable insight of an experienced financial manager.

Class III Directors Term Expiring 2012

Name, Address and Age(1)	Position(s) Held with Company	Terms of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Other Directorships Held by Director or Nominee for Director During Past 5 Years(2)
Interested Director Michael S. Gross, 49	Director; Chairman of the Board, Chief Executive Officer and President.	Class III Director since 2007; Term expires 2012.	Chairman of the Board, President and Chief Executive Officer of Solar Capital since 2007; President and Chief Executive Officer of Apollo Investment Corporation from 2004 to 2006.	Chairman of the Board of Directors of Global Ship Lease Inc.; Director of Saks, Inc. and Jarden Corporation; Chairman of the Board of Directors, Chief Executive Officer and President of Solar Senior Capital Ltd.; Executive Committee Member of the Youth Renewal Fund; Chairman of the Board of Mt. Sinai Children's Center Foundation; Trustee of The Trinity School; and Director of New York Road Runners.

Mr. Gross' intimate knowledge of the business and operations of Solar Capital Partners, extensive familiarity with the financial industry and the investment management process in particular, and experience as a director of other public and private companies not only gives the board of directors valuable insight but also positions him well to continue to serve as the chairman of our board of directors.

Independent Director

Leonard A. Potter, 49	Director	Class III Director since 2009; Term expires 2012.	Chief Investment Officer of Salt Creek Hospitality since 2009; Managing Director of Soros Private Equity at Soros Fund Management LLC from 2002 to 2009.	Director of Solar Senior Capital Ltd., NeXt BDC Capital Corp. and 57th Street General Acquisition Corp., and several private companies.
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Mr. Potter's experience practicing as a corporate lawyer provides valuable insight to the board of directors on regulatory and risk management issues. In addition, his tenure in private equity investments and service as a director of both public and private companies provide industry-specific knowledge and expertise to the board of directors.

(1) The business address of the director nominees and other directors and executive officers is c/o Solar Capital Ltd., 500 Park Avenue, New York, New York 10022.

(2) All of the Company's directors also serve as directors of Solar Senior Capital Ltd., and Mr. Potter also serves as a director of NeXt BDC Capital Corp., each of which is a newly-formed closed-end management investment company that has filed a notice on Form N-6F of its intention to elect to be regulated as a business development company.

Information about Executive Officers Who Are Not Directors

The following information, as of the Record Date, pertains to our executive officers who are not directors of the Company.

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Name, Address, and	Position(s) Held with Company	Principal Occupation(s) During Past 5 Years
Age (1) Nicholas Radesca, 45	Chief Financial Officer and Secretary	Chief Financial Officer since 2008 and Secretary since 2009 of Solar Capital Ltd.; Chief Financial Officer and Secretary since 2010 of Solar Senior Capital Ltd.; Chief Accounting Officer at iStar Financial Inc., a commercial real estate company, from 2006 to 2008; Vice President of Financial Reporting at Fannie Mae from 2005 to 2006.
Guy Talarico, 55	Chief Compliance Officer	Chief Compliance Officer of Solar Capital Ltd. since 2008; Chief Compliance Officer of Solar Senior Capital Ltd. since 2010; Chief Executive Officer of Alaric Compliance Services, LLC, (successor to EOS Compliance Services LLC) since 2004; currently serves as Chief Compliance Officer for Keeley Funds Inc., The FBR Funds and PennantPark Investment Corporation.

(1) The business address of the executive officers is c/o Solar Capital Ltd., 500 Park Avenue, New York, New York 10022.

Director Independence

In accordance with rules of the NASDAQ Stock Market, our board of directors annually determines each director's independence. We do not consider a director independent unless the board of directors has determined that he has no material relationship with us. We monitor the relationships of our directors and officers through a questionnaire each director completes no less frequently than annually and updates periodically as information provided in the most recent questionnaire changes.

Our governance guidelines require any director who has previously been determined to be independent to inform the Chairman of the board of directors, the Chairman of the Nominating and Corporate Governance Committee and our Corporate Secretary of any change in circumstance that may cause his or her status as an independent director to change. The board of directors limits membership on the Audit Committee and the Nominating and Corporate Governance Committee to independent directors.

In order to evaluate the materiality of any such relationship, the board of directors uses the definition of director independence set forth in the rules promulgated by the NASDAQ Stock Market. Rule 5605(a)(2) provides that a director of a business development company (BDC), shall be considered to be independent if he or she is not an interested person of the Company, as defined in Section 2(a)(19) of the 1940 Act.

The board of directors has determined that each of the directors is independent and has no relationship with us, except as a director and stockholder, with the exception of Michael S. Gross, as a result of his positions as the Chief Executive Officer and President of the Company and the managing member of Solar Capital Partners, the Company's investment adviser, and Bruce Spohler, as a result of his position as Chief Operating Officer of the Company and a partner of Solar Capital Partners.

Board Leadership Structure

Our board of directors monitors and performs an oversight role with respect to the business and affairs of Solar Capital, including with respect to investment practices and performance, compliance with regulatory requirements and the services, expenses and performance of service providers to Solar Capital. Among other things, our board of directors approves the appointment of our investment adviser and officers, reviews and monitors the services and activities performed by our investment adviser and executive officers and approves the engagement, and reviews the performance of, our independent public accounting firm.

Under Solar Capital's bylaws, our board of directors may designate a chairman to preside over the meetings of the board of directors and meetings of the stockholders and to perform such other duties as may be assigned to him by the board. We do not have a fixed policy as to whether the chairman of the board should be an independent director and believe that we should maintain the flexibility to select the chairman and reorganize the leadership structure, from time to time, based on the criteria that is in the best interests of Solar Capital and its stockholders at such times.

Presently, Mr. Gross serves as the chairman of our board of directors. Mr. Gross is an interested person of Solar Capital as defined in Section 2(a)(19) of the 1940 Act because he is the president and chief executive officer of Solar Capital, serves on the investment committee of our investment adviser and is the managing member of our investment adviser. We believe that Mr. Gross' history with Solar Capital, familiarity with its investment platform, and extensive knowledge of the financial services industry and the investment valuation process in particular qualify him to serve as the chairman of our board of directors. We believe that Solar Capital is best served through this existing leadership structure, as Mr. Gross' relationship with Solar Capital's investment adviser provides an effective bridge and encourages an open dialogue between management and the board of directors, ensuring that both groups act with a common purpose.

Our board of directors does not currently have a designated lead independent director. We are aware of the potential conflicts that may arise when a non-independent director is chairman of the board, but believe these potential conflicts are offset by our strong corporate governance policies. Our corporate governance policies include regular meetings of the independent directors in executive session without the presence of interested directors and management, the establishment of audit and nominating and corporate governance committees comprised solely of independent directors and the appointment of a chief compliance officer, with whom the independent directors meet regularly without the presence of interested directors and other members of management, for administering our compliance policies and procedures.

We recognize that different board leadership structures are appropriate for companies in different situations. We re-examine our corporate governance policies on an ongoing basis to ensure that they continue to meet Solar Capital's needs.

Board's Role In Risk Oversight

Our board of directors performs its risk oversight function primarily through (a) its two standing committees, which report to the entire board of directors and are comprised solely of independent directors, and (b) active monitoring of our chief compliance officer and our compliance policies and procedures.

As described below in more detail under *Committees of the Board of Directors*, the audit committee and the nominating and corporate governance committee assist the board of directors in fulfilling its risk oversight responsibilities. The audit committee's risk oversight responsibilities include overseeing Solar Capital's accounting and financial reporting processes, Solar Capital's systems of internal controls regarding finance and accounting, and audits of Solar Capital's financial statements. The nominating and corporate governance committee's risk oversight responsibilities include selecting, researching and nominating directors for election by our stockholders, developing and recommending to the board a set of corporate governance principles and overseeing the evaluation of the board and our management.

Our board of directors also performs its risk oversight responsibilities with the assistance of the chief compliance officer. The board of directors annually reviews a written report from the chief compliance officer discussing the adequacy and effectiveness of the compliance policies and procedures of Solar Capital and its service providers. The chief compliance officer's annual report addresses at a minimum (a) the operation of the compliance policies and procedures of Solar Capital and its service providers since the last report; (b) any material changes to such policies and procedures since the last report; (c) any recommendations for material changes to such policies and procedures as a result of the chief compliance officer's annual review; and (d) any compliance matter that has occurred since the date of the last report about which the board of directors would reasonably need to know to oversee our compliance activities and risks. In addition, the chief compliance officer meets separately in executive session with the independent directors at least once each year.

We believe that our board's role in risk oversight is effective, and appropriate given the extensive regulation to which we are already subject as a BDC. As a BDC, we are required to comply with certain regulatory requirements that control the levels of risk in our business and operations. For example, our ability to incur indebtedness is limited such that our asset coverage must equal at least 200% immediately after each time we incur indebtedness, we generally have to invest at least 70% of our total assets in qualifying assets and we are not generally permitted to invest in any portfolio company in which one of our affiliates currently has an investment.

We recognize that different board roles in risk oversight are appropriate for companies in different situations. We re-examine the manners in which the board administers its oversight function on an ongoing basis to ensure that they continue to meet Solar Capital's needs.

Committees of the Board of Directors

An Audit Committee and a Nominating and Corporate Governance Committee have been established by our board of directors. During 2010, our board of directors held eight Board meetings, five Audit Committee meetings, and one Nominating and Corporate Governance Committee meeting. All directors attended at least 75% of the aggregate number of meetings of the board of directors and of the respective committees on which they serve. We require each director to make a diligent effort to attend all board and committee meetings as well as each annual meeting of our stockholders.

Audit Committee. The Audit Committee operates pursuant to a charter approved by our board of directors, a copy of which is available on our website at <http://www.solarcapltd.com>. The charter sets forth the responsibilities of the Audit Committee. The Audit Committee's responsibilities include selecting the independent registered public accounting firm for the Company, reviewing with such independent registered public accounting firm the planning, scope and results of their audit of the Company's financial statements, pre-approving the fees for services performed, reviewing with the independent registered public accounting firm the adequacy of internal control systems, reviewing the Company's annual financial statements and periodic filings and receiving the Company's audit reports and financial statements. The Audit Committee also establishes guidelines and makes

recommendations to our board of directors regarding the valuation of our investments. The Audit Committee is responsible for aiding our board of directors in determining the fair value of debt and equity securities that are not publicly traded or for which current market values are not readily available. The board of directors and Audit Committee utilize the services of nationally recognized third-party valuation firms to help determine the fair value of these securities. The Audit Committee is currently composed of Messrs. Hochberg, Wachter and Potter, all of whom are considered independent under the rules of the NASDAQ Stock Market and are not interested persons of the Company as that term is defined in Section 2(a)(19) of the 1940 Act. Mr. Hochberg serves as Chairman of the Audit Committee. Our board of directors has determined that Mr. Hochberg is an audit committee financial expert as that term is defined under Item 407 of Regulation S-K, as promulgated under the Exchange Act. Mr. Hochberg meets the current independence and experience requirements of Rule 10A-3 of the Exchange Act.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee operates pursuant to a charter approved by our board of directors, a copy of which is available on our website at <http://www.solarcapltd.com>. The members of the Nominating and Corporate Governance Committee are Messrs. Hochberg, Wachter and Potter, all of whom are considered independent under the rules of the NASDAQ Stock Market and are not interested persons of the Company as that term is defined in Section 2(a)(19) of the 1940 Act. Mr. Wachter serves as Chairman of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is responsible for selecting, researching and nominating directors for election by our stockholders, selecting nominees to fill vacancies on the board of directors or a committee thereof, developing and recommending to the board of directors a set of corporate governance principles and overseeing the evaluation of the board of directors and our management. The Nominating and Corporate Governance Committee currently does not consider nominees recommended by our stockholders.

The Nominating and Corporate Governance committee seeks candidates who possess the background, skills and expertise to make a significant contribution to the board of directors, the Company and its stockholders. In considering possible candidates for election as a director, the Nominating and Corporate Governance Committee takes into account, in addition to such other factors as it deems relevant, the desirability of selecting directors who:

are of high character and integrity;

are accomplished in their respective fields, with superior credentials and recognition;

have relevant expertise and experience upon which to be able to offer advice and guidance to management;

have sufficient time available to devote to the affairs of the Company;

are able to work with the other members of the board of directors and contribute to the success of the Company;

can represent the long-term interests of the Company's stockholders as a whole; and

are selected such that the board of directors represents a range of backgrounds and experience.

The Nominating and Corporate Governance Committee has not adopted a formal polic