

January 5, 2012

Horizon Technology Finance Provides Investment Portfolio Update for Fourth Quarter 2011

New Loans Funded Total \$20 Million

FARMINGTON, Conn., Jan. 5, 2012 (GLOBE NEWSWIRE) -- 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 clean-tech industries, today provided a portfolio update for the fourth quarter of 2011.

Gerald A. Michaud, President of Horizon, commented, "We saw a marked increase in investment activity in the fourth quarter of 2011 compared to the third quarter of 2011, adding assets to our high quality seasoned portfolio. Our new loan investments of approximately \$20 million in the fourth quarter can be attributed to a combination of our improved liquidity resulting from our new credit facility, our continued focus on new originations, and year-end market demand for our loan products. Our investment activity in the fourth quarter showed, once again, how quickly we can deploy our available capital into high quality earning assets."

New Loans Funded

Gross new loan investments during the fourth quarter of 2011 totaled \$19.5 million. There were no refinanced balances in the fourth quarter. During the fourth quarter of 2011, Horizon provided funding to the following two new portfolio companies and five existing portfolio companies:

- **Aurora Algae, Inc.**, received a \$2.5 million loan investment from Horizon. Aurora Algae is a producer of high-performance, premium algae-based products for the pharmaceutical, nutrition, aquaculture and fuels markets.
- **N30 Pharmaceuticals LLC**, an existing portfolio company, received a \$2.5 million loan investment from Horizon. N30 Pharma focuses on the discovery and development of proprietary drugs that provide therapeutic advantage over current treatment of major human diseases such as asthma, COPD and IBD.
- **Sunesis Pharmaceuticals, Inc.**, (Nasdaq:SNSS), received a \$2 million loan investment from Horizon. Sunesis is a biopharmaceutical company focused on the development and commercialization of new oncology therapeutics.
- **Tigo Energy, Inc.**, an existing portfolio company, received an \$850,000 loan investment from Horizon. Tigo focuses on applying innovative technologies to the solar photovoltaic space, delivering more energy, active management and enhanced safety for utility, commercial and residential solar arrays.
- An existing portfolio company received a \$2.7 million loan investment from Horizon. This company is a biopharmaceutical company focused on discovering, developing and commercializing novel small-molecule therapeutics derived from its boron chemistry platform.
- An existing portfolio company received a \$7 million loan investment from Horizon. This company is a specialty pharmaceutical company focused on developing and commercializing products for the treatment of central nervous system (CNS) disorders.
- An existing portfolio company received a \$2 million loan investment from Horizon. This company provides a wide array of optical and IP networking solutions for submarine, long-haul, regional, network applications and IP networking solutions for enterprise applications.

Commitments

During the quarter ended December 31, 2011, Horizon closed loan commitments totaling \$21.5 million, plus warrants, to two new companies and two existing portfolio company. This compares to loan commitments totaling \$4 million for the quarter ended September 30, 2011.

Pipeline

As of December 31, 2011, Horizon's unfunded loan approvals and commitments ("Committed Backlog") totaled \$22.5 million to five companies. This compares to a Committed Backlog of \$18.7 million as of September 30, 2011. While Horizon's portfolio companies have discretion whether to draw down such commitments, in some cases, the right of a company to draw down its commitment is subject to the portfolio company achieving specific milestones (e.g. an additional capital issuance or the completion of a clinical trial).

About Horizon Technology Finance Corporation

Horizon Technology Finance Corporation is a closed-end investment company that has elected to be treated as a business development company under the Investment Company Act of 1940. The Company 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 clean-tech industries. The investment objective of Horizon Technology Finance is to maximize total risk-adjusted returns by generating current income from a portfolio of directly originated secured loans as well as capital appreciation from warrants to purchase the equity of portfolio companies. Headquartered in Farmington, CT, with a regional office in Walnut Creek, CA, the Company is externally managed by its investment advisor, Horizon Technology Finance Management LLC. To learn more, please visit horizontechnologyfinancecorp.com.

Forward-Looking Statements

Statements included herein may constitute "forward-looking statements," which relate to future events or our future performance or financial condition. These statements 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. The Company 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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