

HERCULES TECHNOLOGY GROWTH CAPITAL INC
Form 10-Q
November 06, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For The Quarterly Period Ended September 30, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 814-00702

HERCULES TECHNOLOGY GROWTH
CAPITAL, INC.

(Exact Name of Registrant as Specified in its Charter)

Maryland
(State or Jurisdiction of

Incorporation or Organization)

400 Hamilton Ave., Suite 310

743113410
(IRS Employer

Identification No.)
94301

(Zip Code)

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Palo Alto, California

(Address of Principal Executive Offices)

(650) 289-3060

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this Chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

On November 3, 2014, there were 64,199,024 shares outstanding of the Registrant's common stock, \$0.001 par value.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

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PART I: FINANCIAL INFORMATION

In this Quarterly Report, the “Company,” “Hercules,” “we,” “us” and “our” refer to Hercules Technology Growth Capital, Inc. and its wholly owned subsidiaries and its affiliated securitization trusts unless the context otherwise requires.

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS
HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(unaudited)

(dollars in thousands, except per share data)

	September 30, 2014	December 31, 2013
Assets		
Investments:		
Non-control/Non-affiliate investments (cost of \$996,338 and \$891,059, respectively)	\$990,068	\$899,314
Affiliate investments (cost of \$15,959 and \$15,238, respectively)	8,845	10,981
Total investments, at value (cost of \$1,012,297 and \$906,297, respectively)	998,913	910,295
Cash and cash equivalents	158,627	268,368
Restricted cash	2,096	6,271
Interest receivable	9,146	8,962
Other assets	30,556	27,819
Total assets	\$1,199,338	\$1,221,715
Liabilities		
Accounts payable and accrued liabilities	\$11,613	\$14,268
Long-term Liabilities (Convertible Senior Notes)	40,012	72,519
Asset-Backed Notes	27,951	89,557
2019 Notes	170,364	170,364
2024 Notes	103,000	—
Long-term SBA Debentures	190,200	225,000
Total liabilities	\$543,140	\$571,708
Commitments and Contingencies (Note 10)		
Net assets consist of:		
Common stock, par value	65	62
Capital in excess of par value	670,711	656,594
Unrealized appreciation (depreciation) on investments	(14,706)	3,598
Accumulated realized losses on investments	(2,233)	(15,240)
Undistributed net investment income	2,361	4,993
Total net assets	\$656,198	\$650,007
Total liabilities and net assets	\$1,199,338	\$1,221,715
Shares of common stock outstanding (\$0.001 par value, 100,000,000 authorized)	64,182	61,837

Net asset value per share	\$10.22	\$10.51
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See notes to consolidated financial statements.

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The following table presents the assets and liabilities of our consolidated securitization trust for asset-backed notes (see Note 4), which is a variable interest entity (“VIE”). The assets of our securitization VIE can only be used to settle obligations of our consolidated securitization VIE, these liabilities are only the obligations of our consolidated securitization VIE, and the creditors (or beneficial interest holders) do not have recourse to our general credit. These assets and liabilities are included in the Consolidated Statements of Assets and Liabilities above.

(Dollars in thousands)	September 30, 2014	December 31, 2013
ASSETS		
Restricted Cash	\$ 2,096	\$ 6,271
Total investments, at value (cost of \$87,405 and \$166,513, respectively)	85,233	165,445
Total assets	\$ 87,329	\$ 171,716
LIABILITIES		
Asset-Backed Notes	\$ 27,951	\$ 89,557
Total liabilities	\$ 27,951	\$ 89,557

See notes to consolidated financial statements.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Investment income:				
Interest income				
Non-Control/Non-Affiliate investments	\$ 33,210	\$ 35,623	\$ 92,975	\$ 93,722
Affiliate investments	130	561	1,747	1,684
Total interest income	33,340	36,184	94,722	95,406
Fees				
Non-Control/Non-Affiliate investments	3,671	4,832	12,037	11,088
Affiliate investments	8	5	30	9
Total fees	3,679	4,837	12,067	11,097
Total investment income	37,019	41,021	106,789	106,503
Operating expenses:				
Interest	6,495	7,587	20,177	22,788
Loan fees	1,364	1,072	4,531	3,341
General and administrative	2,397	2,176	6,984	6,831
Employee Compensation:				
Compensation and benefits	3,922	7,030	11,375	14,992
Stock-based compensation	2,823	1,596	6,849	4,349
Total employee compensation	6,745	8,626	18,224	19,341
Total operating expenses	17,001	19,461	49,916	52,301
Loss on debt extinguishment (Long-term Liabilities - Convertible Senior Notes)	(1,023)	—	(1,023)	—
Net investment income	18,995	21,560	55,850	54,202
Net realized gain on investments				
Non-Control/Non-Affiliate investments	5,664	7,125	13,007	11,309
Total net realized gain on investments	5,664	7,125	13,007	11,309
Net increase in unrealized appreciation (depreciation) on investments				
Non-Control/Non-Affiliate investments	(10,029)	9,288	(15,447)	10,506
Affiliate investments	547	(992)	(2,857)	(1,468)
Total net unrealized appreciation (depreciation) on investments	(9,482)	8,296	(18,304)	9,038
Total net realized and unrealized gain (loss)	(3,818)	15,421	(5,297)	20,347
Net increase in net assets resulting from operations	\$ 15,177	\$ 36,981	\$ 50,553	\$ 74,549
Net investment income before investment gains and losses per common share:				
Basic	\$ 0.30	\$ 0.35	\$ 0.89	\$ 0.91
Change in net assets per common share:				

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Basic	\$ 0.24	\$ 0.61	\$ 0.80	\$ 1.26
Diluted	\$ 0.23	\$ 0.59	\$ 0.78	\$ 1.23
Weighted average shares outstanding				
Basic	62,356	60,522	61,444	58,206
Diluted	63,779	60,750	63,554	58,396
Dividends declared per common share:				
Basic	\$ 0.31	\$ 0.31	\$ 0.93	\$ 0.86

See notes to consolidated financial statements.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(unaudited)

(dollars and shares in thousands)

	Common Shares	Stock Par Value	Capital in excess of par value	Unrealized Appreciation (Depreciation on Investments)	Accumulated Realized Gains (Losses) on Investments	Undistributed net investment income/ (Distributions in excess of Investment Income)	Provision for Income Taxes on Investment Gains	Net Assets
Balance at December 31, 2012	52,925	\$ 53	\$ 564,508	\$ (7,947)	\$ (36,916)	\$ (3,388)	\$ (342)	\$ 515,968
Net increase in net assets								
resulting from operations	—	—	—	9,038	11,309	54,202	—	74,549
Issuance of common stock	1,337	1	16,542	—	—	—	—	16,543
Issuance of common stock under								
restricted stock plan	472	1	(1)	—	—	—	—	—
Issuance of common stock as								
stock dividend	142	—	1,923	—	—	—	—	1,923
Retired shares from net issuance	(1,170)	(1)	(18,259)	—	—	—	—	(18,260)
Public offering	8,050	8	95,529	—	—	—	—	95,537
Dividends declared	—	—	—	—	—	(47,292)	—	(47,292)
Stock-based compensation	—	—	4,408	—	—	—	—	4,408
Balance at September 30, 2013	61,756	\$ 62	\$ 664,650	\$ 1,091	\$ (25,607)	\$ 3,522	\$ (342)	\$ 643,376
Balance at December 31, 2013	61,837	\$ 62	\$ 656,594	\$ 3,598	\$ (15,240)	\$ 5,335	\$ (342)	\$ 650,007
Net increase (decrease) in net assets	—	—	—	(18,304)	13,007	55,850	—	50,553

resulting from
operations

Issuance of common stock	256	—	2,873	—	—	—	—	2,873
Issuance of common stock under								
restricted stock plan	632	1	(1)	—	—	—	—	—
Issuance of common stock as								
stock dividend	76	—	1,152	—	—	—	—	1,152
Retired shares from net issuance	(193)	—	(5,992)	—	—	—	—	(5,992)
Public offering	1,574	2	9,180	—	—	—	—	9,182
Dividends declared	—	—	—	—	—	(58,482)	—	(58,482)
Stock-based compensation	—	—	6,905	—	—	—	—	6,905
Balance at September 30, 2014	64,182	\$ 65	\$ 670,711	\$ (14,706)	\$ (2,233)	\$ 2,703	\$ (342)	\$ 656,198

See notes to consolidated financial statements.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(dollars in thousands)

	Nine Months Ended September 30,	
	2014	2013
Cash flows from operating activities:		
Net increase in net assets resulting from operations	\$50,553	\$74,549
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by		
(used in) operating activities:		
Purchase of investments	(415,399)	(411,515)
Principal payments received on investments	316,543	336,438
Proceeds from the sale of investments	17,977	29,459
Net unrealized depreciation (appreciation) on investments	18,304	(9,038)
Net realized gain on investments	(13,007)	(11,309)
Accretion of paid-in-kind principal	(1,990)	(2,269)
Accretion of loan discounts	(7,690)	(4,556)
Accretion of loan discount on Convertible Senior Notes	738	812
Loss on conversion of Convertible Senior Notes	1,023	—
Accretion of loan exit fees	(754)	(10,031)
Change in deferred loan origination revenue	(616)	2,540
Unearned fees related to unfunded commitments	(7,789)	(364)
Amortization of debt fees and issuance costs	4,131	2,918
Depreciation	161	162
Stock-based compensation and amortization of restricted stock grants	6,905	4,408
Change in operating assets and liabilities:		
Interest and fees receivable	(184)	(641)
Prepaid expenses and other assets	59	570
Accounts payable	1,126	(63)
Accrued liabilities	(4,203)	2,588
Net cash provided by (used in) operating activities	(34,112)	4,658
Cash flows from investing activities:		
Purchases of capital equipment	(94)	(240)
Reduction of (investment in) restricted cash	4,175	(3,632)
Other long-term assets	—	(30)
Net cash provided by (used in) investing activities	4,081	(3,902)
Cash flows from financing activities:		
Proceeds from issuance (repurchase of employee shares due to restricted stock vesting) of	6,734	93,443

common stock, net		
Dividends paid	(57,330)	(45,368)
Issuance of 2024 Notes, net	99,655	—
Repayments of Asset-Backed Notes	(61,606)	(26,832)
Repayments of Long-Term SBA Debentures	(34,800)	—
Cash paid for redemption of Convertible Senior Notes	(31,577)	—
Fees paid for credit facilities and debentures	(786)	—
Net cash provided by (used in) financing activities	(79,710)	21,243
Net decrease in cash and cash equivalents	(109,741)	21,999
Cash and cash equivalents at beginning of period	268,368	182,994
Cash and cash equivalents at end of period	\$ 158,627	\$ 204,993
Supplemental non-cash investing and financing activities:		
Dividends Reinvested	\$ 1,152	\$ 1,923
Paid-in-Kind Principal	\$ 1,990	\$ 2,269

See notes to consolidated financial statements.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2014

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of			Principal		
		Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor	Amount	Cost ⁽²⁾	Value ⁽³⁾
Debt Investments							
Biotechnology Tools							
1-5 Years Maturity							
OpenCyte, Inc. (13)(14)	Biotechnology Tools	Senior Secured	June 2016	Interest rate PRIME + 6.70% or Floor rate of 9.95%	\$3,104	\$3,252	\$3,262
Subtotal: 1-5 Years Maturity						3,252	3,262
Subtotal: Biotechnology Tools (7.50%)*						3,252	3,262
Communications & Networking							
1-5 Years Maturity							
OpenPeak, Inc. (13)	Communications & Networking	Senior Secured	April 2017	Interest rate PRIME + 8.75% or Floor rate of 12.00%	\$9,296	9,454	9,331
SkyCross, Inc. (13)(14)	Communications & Networking	Senior Secured	January 2018	Interest rate PRIME + 9.70%	\$7,500	7,278	7,440
	Communications & Networking	Senior Secured	January 2018	Interest rate PRIME + 7.70% or Floor rate of 10.95%	\$14,500	14,050	14,366
Subtotal SkyCross, Inc.					\$22,000	21,328	21,806
Spring Mobile Solutions, Inc. (13)	Communications & Networking	Senior Secured	November 2016	Interest rate PRIME + 8.00% or Floor rate of 11.25%	\$18,840	18,886	19,071
Subtotal: 1-5 Years Maturity						49,668	50,203
Subtotal: Communications & Networking (7.65%)*						49,668	50,203
Consumer & Business Products							
1-5 Years Maturity							
OpenCyte, Inc. ⁽⁹⁾	Consumer & Business Products	Convertible Senior Note	March 2017	Interest rate FIXED 4.00%	\$100	100	100

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ong Research Corporation (14)	Consumer & Business Products	Senior Secured	December 2017	Interest rate PRIME + 6.75% or Floor rate of 10.00%	\$5,000	4,872	4,872	
the Neat Company (13)(14)	Consumer & Business Products	Senior Secured	September 2017	Interest rate PRIME + 7.75% or Floor rate of 11.00%, PIK Interest 1.00%	\$20,010	19,221	19,221	
Subtotal: 1-5 Years Maturity						24,193	24,193	
Subtotal: Consumer & Business Products (3.69%)*						24,193	24,193	
Drug Delivery								
5 Years Maturity								
celRx Pharmaceuticals, Inc. (3)(10)(13)(14)	Drug Delivery	Senior Secured	October 2017	Interest rate PRIME + 3.85% or Floor rate of 9.10%	\$25,000	24,643	24,793	
ND Therapeutics, Inc. (3)(13)(14)	Drug Delivery	Senior Secured	September 2016	Interest rate PRIME + 7.00% or Floor rate of 10.25%	\$3,694	3,736	3,638	
elator Pharmaceuticals, Inc. (3)(13)	Drug Delivery	Senior Secured	December 2017	Interest rate PRIME + 6.50% or Floor rate of 9.75%	\$10,000	9,865	9,865	
elision Corporation (3)(13)	Drug Delivery	Senior Secured	June 2017	Interest rate PRIME + 8.00% or Floor rate of 11.25%	\$10,000	9,763	9,966	
ance Biopharm, Inc. (13)(14)	Drug Delivery	Senior Secured	November 2017	Interest rate PRIME + 7.40% or Floor rate of 10.65%	\$4,000	3,935	3,965	
lge Therapeutics, Inc. (13)	Drug Delivery	Senior Secured	March 2018	Interest rate PRIME + 5.95% or Floor rate of 10.45%	\$3,000	2,846	2,846	
eos Therapeutics, Inc. (13)(14)	Drug Delivery	Senior Secured	October 2017	Interest rate PRIME + 7.25% or Floor rate of 10.50%	\$5,000	4,881	4,881	
	Drug Delivery	Senior Secured	October 2017	Interest rate PRIME + 5.75% or Floor rate of 9.00%	\$10,000	10,000	9,689	
Subtotal Neos Therapeutics, Inc.						\$15,000	14,881	14,577
osano Pharma, Inc. (13)	Drug Delivery	Senior Secured	June 2017	Interest rate PRIME + 6.80% or Floor rate of 12.05%	\$4,000	3,857	3,857	
Subtotal: 1-5 Years Maturity						73,526	73,497	
Under 1 Year Maturity								
evance Therapeutics, Inc. (3)(13)	Drug Delivery	Senior Secured	March 2015	Interest rate PRIME + 6.60% or Floor rate of 9.85%	\$410	445	445	
	Drug Delivery	Senior Secured	March 2015	Interest rate PRIME + 6.60% or Floor rate of 9.85%	\$4,096	4,439	4,439	
Subtotal Revance Therapeutics, Inc.						\$4,506	4,884	4,884
Subtotal: Under 1 Year Maturity						4,884	4,884	
Subtotal: Drug Delivery (11.94%)*						78,410	78,381	

See notes to consolidated financial statements.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2014

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of			Principal		
		Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor	Amount	Cost ⁽²⁾	Value ⁽³⁾
Drug Discovery & Development							
5 Years Maturity							
ADMA Technologies, Inc. (12)(13)	Drug Discovery & Development	Senior Secured	June 2017	Interest rate PRIME + 3.00% or Floor rate of 8.75%, PIK Interest of 1.95%	\$ 10,103	\$ 9,961	\$ 10,026
Macor Pharmaceuticals, Inc. (14)	Drug Discovery & Development	Senior Secured	July 2017	Interst rate PRIME + 6.40% or Floor rate of 11.65%	\$ 30,000	29,316	29,916
Vevo Pharmaceuticals, Inc. (10)(11)(13)(14)	Drug Discovery & Development	Senior Secured	January 2018	Interest rate PRIME + 11.90% or Floor rate of 11.90%	\$ 10,000	9,688	9,688
Celladon Corporation (13)(14)	Drug Discovery & Development	Senior Secured	February 2018	Interest rate PRIME + 3.00% or Floor rate of 8.25%	\$ 10,000	9,939	9,939
Tempra, Inc. (13)	Drug Discovery & Development	Senior Secured	April 2018	Interest rate PRIME + 6.30% or Floor rate of 9.55%	\$ 18,000	18,010	18,010
Perceor Inc. (13)	Drug Discovery & Development	Senior Secured	August 2017	Interest rate PRIME + 4.70% or Floor rate of 7.95%	\$ 7,500	7,337	7,337
Cleveland BioLabs, Inc. (13)(14)	Drug Discovery & Development	Senior Secured	January 2017	Interest rate PRIME + 6.20% or Floor rate of 10.45%	\$ 2,000	2,000	2,040
Concert Pharmaceuticals, Inc. (3)(4)	Drug Discovery & Development	Senior Secured	October 2015	Interest rate PRIME + 3.25% or Floor rate of 8.50%	\$ 9,218	9,162	9,254
ATI BioPharma Corp. (pka Cell Therapeutics, Inc.) (11)(13)	Drug Discovery & Development	Senior Secured	October 2016	Interest rate PRIME + 9.00% or Floor rate 12.25%	\$ 15,000	14,962	15,332
Asmed, Incorporated (13)	Drug Discovery & Development	Senior Secured	January 2016	Interest rate PRIME + 4.75% or Floor rate of 9.25%	\$ 20,000	19,871	20,071

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Biotechnology, Inc. (14)	Drug Discovery & Development	Senior Secured	January 2018	Interest rate PRIME + 5.75% or Floor rate of 9.00%	\$4,000	3,909	3,909
Terrimack Pharmaceuticals, c. (3)(13)	Drug Discovery & Development	Senior Secured	November 2016	Interest rate PRIME + 5.30% or Floor rate of 10.55%	\$40,000	40,516	40,599
Neuralstem, Inc. (13)(14)	Drug Discovery & Development	Senior Secured	June 2016	Interest rate PRIME + 7.75% or Floor rate of 11.00%	\$5,834	5,904	6,138
QiQure B.V. (5)(10)(13)	Drug Discovery & Development	Senior Secured	June 2018	Interest rate PRIME + 5.00% or Floor rate of 10.25%	\$20,000	19,826	19,826
Subtotal: 1-5 Years Maturity						200,401	202,08

Under 1 Year Maturity

Novo Pharmaceuticals, c. (10)(11)(13)(14)	Drug Discovery & Development	Senior Secured	September 2015	Interest rate PRIME + 7.15% or Floor rate of 11.90%	\$11,611	11,611	11,611
Subtotal: Under 1 Year Maturity						11,611	11,611
Subtotal: Drug Discovery & Development (32.57%)*						212,012	213,69

Electronics & Computer
Hardware

1-5 Years Maturity

Aviatrix Technologies, c. (8)(12)	Electronics & Computer Hardware	Senior Secured	October 2016	Interest rate LIBOR + 8.75% or Floor rate of 12.00%, PIK Interest of 4.00%	\$267	180	—
Subtotal: 1-5 Years Maturity						180	—
Subtotal: Electronics & Computer Hardware (0.00%)*						180	—

See notes to consolidated financial statements.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2014

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor	Principal		
					Amount	Cost ⁽²⁾	Value ⁽³⁾
Energy Technology							
1-5 Years Maturity							
Grivida, Inc. ⁽¹⁴⁾	Energy Technology	Senior Secured	December 2016	Interest rate PRIME + 6.75% or Floor rate of 10.00%	\$5,468	\$5,518	\$2,992
American Superconductor Corporation ⁽¹¹⁾⁽¹³⁾	Energy Technology	Senior Secured	November 2016	Interest rate PRIME + 7.25% or Floor rate of 11.00%	\$8,667	8,763	8,741
Amyris, Inc. ⁽¹⁰⁾⁽¹³⁾	Energy Technology	Senior Secured	February 2017	Interest rate PRIME + 6.25% or Floor rate of 9.5%	\$25,000	25,000	25,000
	Energy Technology	Senior Secured	February 2017	Interest rate PRIME + 5.25% or Floor rate of 8.50%	\$5,000	5,000	5,000
Total Amyris, Inc.					\$30,000	30,000	30,000
Amber, Inc. ⁽¹⁰⁾⁽¹³⁾	Energy Technology	Senior Secured	June 2016	Interest rate PRIME + 6.75% or Floor rate of 10.00%	\$22,153	23,573	23,290
Phase Energy, Inc. ⁽¹³⁾	Energy Technology	Senior Secured	August 2016	Interest rate PRIME + 8.25% or Floor rate of 11.50%	\$5,861	5,956	6,001
Luidic, Inc. ⁽¹³⁾	Energy Technology	Senior Secured	March 2016	Interest rate PRIME + 8.00% or Floor rate of 11.25%	\$4,347	4,386	4,370
olyera Corporation ⁽³⁾⁽¹⁴⁾	Energy Technology	Senior Secured	June 2016	Interest rate PRIME + 6.75% or Floor rate of 10.00%	\$4,214	4,346	4,369
AS Energy, Inc. ⁽³⁾	Energy Technology	Senior Secured	December 2015	Interest rate PRIME + 7.75% or Floor rate of 11.00%	\$8,506	8,674	8,608
Subtotal: 1-5 Years Maturity						91,216	88,371
Under 1 Year Maturity							
American Superconductor Corporation ⁽¹¹⁾⁽¹³⁾	Energy Technology	Senior Secured	December 2014	Interest rate PRIME + 7.25% or Floor rate of 11.00%	\$1,154	1,648	1,648
lori Energy, Inc. ⁽¹¹⁾⁽¹³⁾	Energy Technology	Senior Secured	June 2015	Interest rate PRIME + 6.75% or Floor rate of 10.00%	\$2,667	2,908	2,908
		Senior Secured	February 2015		\$549	546	546

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Infiniti (pka Integrated Photovoltaics, Inc.) (4)	Energy Technology			Interest rate PRIME + 7.38% or Floor rate of 10.63%			
Energy Corporation (6)(13)	Energy Technology	Senior Secured	February 2015	Interest rate PRIME + 8.75% or Floor rate of 12.00%	\$3,379	3,415	2,501
Subtotal: Under 1 Year Maturity						8,517	7,603
Subtotal: Energy Technology (4.63%)*						99,733	95,974
Healthcare Services, Other							
1-5 Years Maturity							
Chromadex Corporation (13)(14)	Healthcare Services, Other	Senior Secured	April 2018	Interest rate PRIME + 6.10% or Floor rate of 9.35%	\$2,500	2,387	2,387
InstaMed Communications, LLC (13)(14)	Healthcare Services, Other	Senior Secured	December 2016	Interest rate PRIME + 7.25% or Floor rate of 10.50%	\$2,736	2,805	2,825
IDEverywhere, Inc. (13)	Healthcare Services, Other	Senior Secured	June 2017	Interest rate LIBOR + 9.50% or Floor rate of 10.75%	\$2,383	2,375	2,266
Subtotal: 1-5 Years Maturity						7,567	7,478
Subtotal: Healthcare Services, Other (1.14%)*						7,567	7,478
Information Services							
1-5 Years Maturity							
InfoXpo, Inc. (13)(14)	Information Services	Senior Secured	July 2016	Interest rate PRIME + 7.50% or Floor rate of 10.75%	\$2,057	2,056	2,064
Womensforum.com (1)(12)	Information Services	Senior Secured	October 2016	Interest rate LIBOR + 6.50% or Floor rate of 9.25%	\$6,200	6,128	5,739
	Information Services	Senior Secured	October 2016	Interest rate LIBOR + 7.50% or Floor rate of 10.25%, PIK Interest 2.00%	\$4,678	4,624	4,342
Subtotal						\$10,878	10,752
Subtotal: 1-5 Years Maturity						12,808	12,145
Under 1 Year Maturity							
Accentex Corporation (11)(13)	Information Services	Senior Secured	May 2015	Interest rate PRIME + 7.00% or Floor rate of 10.25%	\$322	334	161
Womensforum.com (1)(12)	Information Services	Senior Secured	April 2015	Interest rate LIBOR + 6.50% or Floor rate of 9.00%	\$1,250	1,241	1,162
Subtotal: Under 1 Year Maturity						1,575	1,323
Subtotal: Information Services (2.05%)*						14,383	13,468

See notes to consolidated financial statements.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2014

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of			Principal		
		Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor	Amount	Cost ⁽²⁾	Value ⁽³⁾
Internet Consumer & Business Services							
1-5 Years Maturity							
CashStar, Inc. (12)(14)	Internet Consumer & Business Services	Senior Secured	June 2016	Interest rate PRIME + 6.25% or Floor rate 10.50%, PIK Interest 1.00%	\$7,120	\$7,008	\$7,074
Education Dynamics, LLC (12)(14)	Internet Consumer & Business Services	Senior Secured	March 2016	Interest rate LIBOR + 12.5% or Floor rate 12.50%, PIK Interest 1.50%	\$20,513	20,493	20,593
Gazelle, Inc. (12)(14)	Internet Consumer & Business Services	Senior Secured	April 2016	Interest rate PRIME + 7.00% or Floor rate of 10.25%, PIK Interest 2.50%	\$13,625	13,410	13,410
Just Fabulous, Inc. (4)(13)	Internet Consumer & Business Services	Senior Secured	February 2017	Interest rate PRIME + 8.25% or Floor rate of 11.50%	\$15,000	14,300	14,600
LightSpeed Retail, Inc. (5)(10)	Internet Consumer & Business Services	Senior Secured	May 2018	Interest rate PRIME + 3.25% or Floor rate of 6.50%	\$2,000	1,984	1,984
Reply! Inc. (11)(12)(13)	Internet Consumer & Business Services	Senior Secured	February 2016	Interest rate PRIME + 7.25% or Floor rate of 10.50%, PIK Interest 2.00%	\$2,939	2,825	2,883
Tapjoy, Inc. (13)	Internet Consumer & Business Services	Senior Secured	July 2018	Interest rate PRIME + 6.50% or Floor rate of 9.75%	\$3,000	2,908	2,908
Vaultlogix, LLC (12)(13)(14)	Internet Consumer & Business	Senior Secured	September 2016	Interest rate LIBOR + 8.50% or Floor rate of 10.00%, PIK interest 2.50%	\$8,102	8,090	8,090

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	Services							
WaveMarket, Inc. (11)(13)	Internet Consumer & Business Services	Senior Secured	September 2016	Interest rate PRIME + 5.75% or Floor rate of 9.50%		\$8,195	8,172	8,253
	Internet Consumer & Business Services	Senior Secured	March 2017	Interest rate PRIME + 6.50% or Floor rate of 9.75%		\$331	334	343
Total WaveMarket, Inc.						\$8,526	8,506	8,596
Subtotal: 1-5 Years Maturity							79,524	80,138
Under 1 Year Maturity								
NetPlenish (8)(9)(14)	Internet Consumer & Business Services	Convertible Senior Note	April 2015	Interest rate FIXED 10.00%		\$92	92	—
	Internet Consumer & Business Services	Senior Secured	September 2015	Interest rate FIXED 10.00%		\$381	373	—
Total NetPlenish						\$473	465	—
Reply! Inc. (11)(12)(13)	Internet Consumer & Business Services	Senior Secured	September 2015	Interest rate PRIME + 6.88% or Floor rate of 10.13%, PIK Interest 2.00%		\$8,423	8,496	8,581
	Internet Consumer & Business Services	Senior Secured	September 2015	Interest rate PRIME + 7.25% or Floor rate of 11.00%, PIK Interest 2.00%		\$1,857	1,911	1,931
Total Reply! Inc.						\$10,280	10,407	10,512
Tectura Corporation (8)(12)	Internet Consumer & Business Services	Senior Secured	N/A	Interest rate LIBOR + 10.00% or Floor rate of 13.00%		\$6,468	6,468	1,990
	Internet Consumer & Business Services	Senior Secured	N/A	Interest rate LIBOR + 8.00% or Floor rate of 11.00%, PIK Interest 1.00%		\$9,070	9,070	2,791
	Internet Consumer & Business Services	Senior Secured	N/A	Interest rate LIBOR + 10.00% or Floor rate of 13.00%		\$563	563	173
	Internet Consumer &	Senior Secured	N/A	Interest rate LIBOR + 10.00% or Floor rate of 13.00%		\$5,000	5,000	1,539

Business Services				
Total Tectura Corporation			\$21,101	21,101
Vaultlogix, LLC (12)(13)(14)	Internet Consumer & Business Services	Senior Secured September 2015 Interest rate LIBOR + 7.00% or Floor rate of 8.50%		6,493
			\$5,740	5,876
Subtotal: Under 1 Year Maturity				37,849
Subtotal: Internet Consumer & Business Services (15.70%)*				22,881
				117,373
				103,019

See notes to consolidated financial statements.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2014

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor	Principal Amount	Cost ⁽²⁾	Value
Media/Content/Info							
2-5 Years Maturity							
Body International, Inc.	Media/Content/Info	Senior Secured	April 2018	Interest rate PRIME + 5.25% or Floor rate of 9.00%, PIK interest of 1.50%	\$20,129	\$19,618	\$19,618
Media, Inc. ⁽¹²⁾	Media/Content/Info	Senior Secured	December 2015	Interest rate PRIME + 7.25% or Floor rate of 10.50%, PIK Interest 3.75%	\$2,979	2,911	2,911
Total: 1-5 Years Maturity						22,529	22,529
Under 1 Year Maturity							
Media, Inc. ⁽¹²⁾	Media/Content/Info	Senior Secured	December 2014	Interest rate PRIME + 5.25% or Floor rate of 8.50%	\$4,500	4,474	4,474
Total: Under 1 Year Maturity						4,474	4,474
Total: Media/Content/Info (4.12%)*						27,003	27,003
Medical Devices & Equipment							
2-5 Years Maturity							
Medical Corporation ⁽⁸⁾⁽¹⁴⁾	Medical Devices & Equipment	Senior Secured	January 2018	Interest rate PRIME + 7.70% or Floor rate of 10.95%	\$20,000	19,501	19,501
o, Inc. ⁽¹³⁾⁽¹⁴⁾	Medical Devices & Equipment	Senior Secured	December 2017	Interest rate PRIME + 8.25% or Floor rate of 11.50%	\$7,500	7,183	7,183
o Surgical, ⁽¹³⁾	Medical Devices & Equipment	Senior Secured	March 2017	Interest rate PRIME + 7.75% or Floor rate of 12.50%	\$7,500	7,405	7,405
na Medica, ⁽³⁾	Medical Devices & Equipment	Senior Secured	January 2018	Interest rate PRIME + 6.50% or Floor rate of 9.75%	\$4,000	3,840	3,840
Dialysis Inc. ⁽⁴⁾⁽¹³⁾	Medical Devices & Equipment	Senior Secured	October 2017	Interest rate PRIME + 4.35% or Floor rate of 9.60%	\$15,000	14,732	14,732
eMD, Inc. ⁽¹³⁾	Medical Devices & Equipment	Senior Secured	February 2017	Interest rate PRIME + 5.00% or Floor rate of 10.50%	\$9,710	9,694	9,694
obotics Corporation ⁽¹³⁾⁽¹⁴⁾	Medical Devices & Equipment	Senior Secured	March 2016	Interest rate PRIME + 7.85% or Floor rate of 11.10%	\$3,170	3,223	3,223

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o, Inc.	Medical Devices & Equipment	Senior Secured	August 2017	Interest rate PRIME + 5.00% or Floor rate of 11.00%	\$5,000	4,796	4,8
oint Medical, (3)(14)	Medical Devices & Equipment	Senior Secured	January 2016	Interest rate PRIME + 5.85% or Floor rate of 9.10%	\$3,941	4,026	4,0
erix ration (13)	Medical Devices & Equipment	Senior Secured	November 2017	Interest rate PRIME + 2.75% or Floor rate of 8.00%	\$5,000	4,895	4,8
Care Medical, pka US LLC (11)(13)	Medical Devices & Equipment	Senior Secured	April 2016	Interest rate PRIME + 7.75% or Floor rate of 11.00%	\$4,167	4,402	4,3
gEyes, Inc.	Medical Devices & Equipment	Senior Secured	January 2018	Interest rate PRIME + 7.75% or Floor rate of 11.00%	\$5,000	4,982	4,9
l Orthopedic , Inc. (13)	Medical Devices & Equipment	Senior Secured	July 2016	Interest rate PRIME + 8.60% or Floor rate of 11.85%	\$24,288	24,334	24,
Ray, Inc.	Medical Devices & Equipment	Senior Secured	June 2017	Interest rate PRIME + 7.00% or Floor rate of 10.25%, PIK Interest 1.50%	\$15,163	14,807	14,
Total: 1-5 Years Maturity						127,820	123
Under 1 Year Maturity							
Dialysis inc. (4)(13)	Medical Devices & Equipment	Senior Secured	September 2015	Interest rate FIXED 8.00%	\$500	500	500
peutics, Inc. (13)	Medical Devices & Equipment	Senior Secured	September 2015	Interest rate PRIME + 5.50% or Floor rate of 10.25%, PIK Interest of 1.00%	\$6,159	6,120	4,4
Total: Under 1 Year Maturity						6,620	4,9
Total: Medical Devices & Equipment (0.81%)*						134,440	130
Semiconductors							
Under 1-5 Years Maturity							
a Corporation	Semiconductors	Senior Secured	April 2017	Interest rate PRIME + 5.75% or Floor rate of 9.00%	\$5,000	4,963	4,9
Total: 1-5 Years Maturity						4,963	4,9
Under 1 Year Maturity							
enix onductor ration	Semiconductors	Senior Secured	January 2015	Interest rate PRIME + 10.60% or Floor rate of 13.85%	\$341	341	34
Total: Under 1 Year Maturity						341	34
Total: Semiconductors (0.81%)*						5,304	5,3

See notes to consolidated financial statements.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2014

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor	Principal		
					Amount	Cost ⁽²⁾	Value ⁽³⁾
Years Maturity							
Cloud Corporation ⁽¹⁴⁾	Software	Senior Secured	July 2017	Interest rate PRIME + 5.50% or Floor rate of 8.75%	\$10,000	\$9,792	\$9,792
Blackfox, Inc. ⁽¹⁴⁾	Software	Senior Secured	September 2017	Interest rate PRIME + 8.25% or Floor rate of 11.50%	\$6,000	5,981	5,981
Knowledge Venture, Inc. ⁽¹⁴⁾	Software	Senior Secured	March 2018	Interest rate PRIME + 8.25% or Floor rate of 11.50%	\$11,750	11,712	11,777
Mobile Posse, ⁽¹³⁾⁽¹⁴⁾	Software	Senior Secured	December 2016	Interest rate PRIME + 7.50% or Floor rate of 10.75%	\$3,274	3,241	3,274
Insights Solutions, ⁽¹³⁾⁽¹⁴⁾	Software	Senior Secured	May 2016	Interest rate PRIME + 5.75% or Floor rate of 10.50%	\$2,707	2,811	2,829
Alphacius, Inc. ⁽¹⁴⁾	Software	Senior Secured	June 2017	Interest rate PRIME + 5.25% or Floor rate of 8.50%	\$1,500	1,493	1,493
Soasta, Inc. ⁽¹⁴⁾	Software	Senior Secured	February 2018	Interest rate PRIME + 4.75% or Floor rate of 8.00%	\$15,000	14,289	14,289
	Software	Senior Secured	February 2018	Interest rate PRIME + 2.25% or Floor rate of 5.50%	\$3,500	3,334	3,334
Al Soasta, Inc. ⁽¹⁴⁾	Software	Senior Secured	July 2017	Interest rate PRIME + 7.00% or Floor rate of 10.25%	\$5,500	5,421	5,427
BlackApp, Inc. ⁽¹³⁾	Software	Senior Secured	March 2017	Interest rate PRIME + 7.75% or Floor rate of 11.00%	\$2,981	3,046	3,038
Blackcommerce, ⁽¹⁴⁾	Software	Senior Secured	June 2017	Interest rate PRIME + 6.00% or Floor rate of 10.25%	\$5,000	4,692	4,742
Total: 1-5 Years Maturity						65,812	65,967
Under 1 Year Maturity							
Blackfox, Inc. ⁽¹⁴⁾	Software	Senior Secured	July 2015	Interest rate PRIME + 6.75% or Floor rate of 10.00%	\$2,000	2,000	2,000

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	Software	Senior Secured	January 2015	Interest rate PRIME + 9.25% or Floor rate of 12.50%	\$2,500	2,494	2,494
al Clickfox,					\$4,500	4,494	4,494
crest	Software	Senior Secured	July 2015	Interest rate PRIME + 7.50% or Floor rate of 10.75%	\$1,460	1,452	1,467
oratories, Inc.					\$500	489	489
obile Posse,	Software	Senior Secured	June 2015	Interest rate PRIME + 2.00% or Floor rate of 5.25%	\$200	200	200
(14)					\$3,811	3,804	3,802
rtApp, Inc. (13)	Software	Senior Secured	December 2014	Interest rate PRIME + 2.75% or Floor rate of 6.00%			
chcommerce, (14)							
Software							
Senior Secured December 2014							
Interest rate PRIME + 2.25% or Floor rate of 6.50%							
Total: Under 1 Year Maturity						10,439	10,45
Total: Software (11.65%)*						76,251	76,42
Specialty Pharmaceuticals							
5 Years Maturity							
nera	Specialty	Senior Secured	May 2018	Interest rate PRIME + 7.65% or Floor rate of 10.90%	\$35,000	34,050	33,22
ences, Inc. (3)							
nfond	Specialty	Senior Secured	February 2017	Interest rate LIBOR + 9.55% or Floor rate of 10.80%, PIK Interest of 1.35%	\$17,137	17,007	16,92
rmaceuticals, (12)(13)(14)							
Specialty Pharmaceuticals							
ckwell	Specialty	Senior Secured	March 2017	Interest rate PRIME + 9.25% or Floor rate of 12.50%	\$19,436	19,840	19,84
dical, (13)(14)							
Specialty Pharmaceuticals							
Total: 1-5 Years Maturity						70,897	69,98
Under 1 Year Maturity							
nfond	Specialty	Senior Secured	August 2015	Interest rate LIBOR + 8.25% or Floor rate of 9.50%	\$2,500	2,467	2,470
rmaceuticals, (12)(13)(14)							
Specialty Pharmaceuticals							
Total: Under 1 Year Maturity						2,467	2,470
Total: Specialty Pharmaceuticals (11.04%)*						73,364	72,45
Surgical Devices							
5 Years Maturity							
nsmedics, Inc. (13)	Surgical Devices	Senior Secured	November 2015	Interest rate FIXED 12.95%	\$6,583	6,483	6,483
Total: 1-5 Years Maturity						6,483	6,483
Total: Surgical Devices (9%)*						6,483	6,483
Total Debt Investments (8.36%)*						929,616	907,9

See notes to consolidated financial statements.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2014

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Equity Investments						
Biotechnology Tools						
NuGEN Technologies, Inc. ⁽¹⁴⁾	Biotechnology Tools	Equity	Preferred Series C	189,394	\$500	\$578
Subtotal: Biotechnology Tools (0.09%)*					500	578
Communications & Networking						
GlowPoint, Inc. ⁽³⁾	Communications & Networking	Equity	Common Stock	114,192	102	148
Peerless Network, Inc.	Communications & Networking	Equity	Preferred Series A	1,000,000	1,000	4,398
Stoke, Inc.	Communications & Networking	Equity	Preferred Series E	152,905	500	—
Subtotal: Communications & Networking (0.69%)*					1,602	4,546
Consumer & Business Products						
Caivis Acquisition Corporation ⁽¹⁴⁾	Consumer & Business Products	Equity	Common Stock	295,861	819	—
Market Force Information, Inc.	Consumer & Business Products	Equity	Preferred Series B	187,970	500	224
Subtotal: Consumer & Business Products (0.03%)*					1,319	224
Diagnostic						
Singulex, Inc.	Diagnostic	Equity	Common Stock	937,998	750	750
Subtotal: Diagnostic (0.11%)*					750	750
Drug Delivery						
AcelRx Pharmaceuticals, Inc. ⁽³⁾⁽¹⁰⁾⁽¹⁴⁾	Drug Delivery	Equity	Common Stock	54,240	108	298
	Drug Delivery	Equity		20,000	9	—

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Merrion Pharmaceuticals, Plc ⁽³⁾⁽⁵⁾⁽¹⁰⁾			Common Stock			
Neos Therapeutics, Inc. ⁽¹⁴⁾	Drug Delivery	Equity	Preferred Series C	300,000	1,500	1,523
Transcept Pharmaceuticals, Inc. ⁽³⁾⁽¹⁵⁾	Drug Delivery	Equity	Common Stock	41,570	500	84
Subtotal: Drug Delivery (0.29%)*					2,117	1,905
Drug Discovery & Development						
Acceleron Pharma, Inc. ⁽³⁾⁽¹⁴⁾	Drug Discovery & Development	Equity	Common Stock	147,001	1,025	4,401
Aveo Pharmaceuticals, Inc. ⁽³⁾⁽¹⁰⁾⁽¹⁴⁾	Drug Discovery & Development	Equity	Common Stock	167,864	842	186
Celladon Corporation ⁽³⁾⁽¹⁴⁾	Drug Discovery & Development	Equity	Common Stock	105,263	1,000	892
Cerecor Inc.	Drug Discovery & Development	Equity	Preferred Series B	3,334,445	1,000	1,008
Dicerna Pharmaceuticals, Inc. ⁽³⁾⁽¹⁴⁾	Drug Discovery & Development	Equity	Common Stock	142,858	1,000	1,818
Inotek Pharmaceuticals Corporation	Drug Discovery & Development	Equity	Common Stock	15,334	1,500	—
Merrimack Pharmaceuticals, Inc. ⁽³⁾	Drug Discovery & Development	Equity	Common Stock	848,591	3,213	7,523
Paratek Pharmaceuticals, Inc. ⁽¹⁵⁾	Drug Discovery & Development	Equity	Common Stock	2,881	5	2
	Drug Discovery & Development	Equity	Preferred Series A	167,468	1,126	156
Total Partek Pharmaceuticals, Inc.				170,349	1,131	158
Subtotal: Drug Discovery & Development (2.44%)*					10,711	15,986
Energy Technology						
Glori Energy, Inc. ⁽³⁾	Energy Technology	Equity	Common Stock	18,208	165	142
SCIEnergy, Inc.	Energy Technology	Equity	Preferred Series 1	385,000	761	25
Subtotal: Energy Technology (0.03%)*					926	167
Information Services						
Good Technologies, Inc. (pka Visto Corporation) ⁽¹⁴⁾	Information Services	Equity	Common Stock	500,000	603	473
Subtotal: Information Services (0.07%)*					603	473
Internet Consumer & Business Services						
Blurb, Inc. ⁽¹⁴⁾	Internet Consumer & Business Services	Equity	Preferred Series B	220,653	175	377
Philotic, Inc.	Internet Consumer & Business Services	Equity	Common Stock	8,121	93	—
Progress Financial		Equity		218,351	250	246

	Internet Consumer & Business Services		Preferred Series G			
Taptera, Inc.	Internet Consumer & Business Services	Equity	Preferred Series B	454,545	150	152
Subtotal: Internet Consumer & Business Services (0.12%)*					668	775
Media/Content/Info						
Everyday Health, Inc. (pka Waterfront Media, Inc.) ⁽³⁾	Media/Content/Info	Equity	Common Stock	97,060	1,000	1,356
Subtotal: Media/Content/Info (0.21%)*					1,000	1,356

See notes to consolidated financial statements.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2014

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Medical Devices & Equipment						
Gelesis, Inc. ⁽⁶⁾⁽¹⁴⁾	Medical Devices & Equipment	Equity	LLC Interest	2,024,092	\$925	\$314
Medrobotics Corporation ⁽¹⁴⁾	Medical Devices & Equipment	Equity	Preferred Series E	136,798	250	271
Novasys Medical, Inc.	Medical Devices & Equipment	Equity	Preferred Series D-1	4,118,444	1,000	—
Optiscan Biomedical, Corp. ⁽⁶⁾⁽¹⁴⁾	Medical Devices & Equipment	Equity	Preferred Series B	6,185,567	3,000	421
	Medical Devices & Equipment	Equity	Preferred Series C	1,927,309	655	130
	Medical Devices & Equipment	Equity	Preferred Series D	55,103,923	5,257	5,257
Total Optiscan Biomedical, Corp.				63,216,799	8,912	5,808
Oraya Therapeutics, Inc.	Medical Devices & Equipment	Equity	Preferred Series 1	1,086,969	500	—
Subtotal: Medical Devices & Equipment (0.97%)*					11,587	6,393
Software						
Atrenta, Inc.	Software	Equity	Preferred Series C	1,196,845	986	1,391
Atrenta, Inc.	Software	Equity	Preferred Series D	635,513	508	1,098
Total Atrenta, Inc.				1,832,358	1,494	2,489
Box, Inc. ⁽¹⁴⁾	Software	Equity	Preferred Series B	271,070	251	5,439
	Software	Equity	Preferred Series C	589,844	872	11,834
	Software	Equity	Preferred Series D	158,133	500	3,173
	Software	Equity	Preferred Series D-1	186,766	1,694	3,747
	Software	Equity		220,751	2,001	4,429

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			Preferred Series D-2			
	Software	Equity	Preferred Series E	38,183	500	766
Total Box, Inc.				1,464,747	5,818	29,388
CapLinked, Inc.	Software	Equity	Preferred Series A-3	53,614	51	90
ForeScout Technologies, Inc.	Software	Equity	Preferred Series D	319,099	398	724
HighRoads, Inc.	Software	Equity	Preferred Series B	190,170	307	146
Subtotal: Software (5.00%)*					8,068	32,837
Specialty Pharmaceuticals						
QuatRx Pharmaceuticals Company	Specialty Pharmaceuticals	Equity	Preferred Series E	241,829	750	—
	Specialty Pharmaceuticals	Equity	Preferred Series E-1	26,955	—	—
	Specialty Pharmaceuticals	Equity	Preferred Series G	4,667,636	—	—
Total QuatRx Pharmaceuticals Company				4,936,420	750	—
Subtotal: Specialty Pharmaceuticals (0.00%)*					750	—
Surgical Devices						
Gynesonics, Inc. ⁽¹⁴⁾	Surgical Devices	Equity	Preferred Series B	219,298	250	83
	Surgical Devices	Equity	Preferred Series C	656,538	282	138
	Surgical Devices	Equity	Preferred Series D	1,991,157	712	1,000
Total Gynesonics, Inc.				2,866,993	1,244	1,221
Transmedics, Inc.	Surgical Devices	Equity	Preferred Series B	88,961	1,100	292
	Surgical Devices	Equity	Preferred Series C	119,999	300	158
	Surgical Devices	Equity	Preferred Series D	260,000	650	928
Total Transmedics, Inc.				468,960	2,050	1,378
Subtotal: Surgical Devices (0.40%)*					3,294	2,599
Total Equity Investments (10.45%)*					43,895	68,589

See notes to consolidated financial statements.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2014

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Warrant Investments						
Biotechnology Tools						
Labcyte, Inc. ⁽¹⁴⁾	Biotechnology Tools	Warrant	Preferred Series C	1,127,624	\$ 323	\$ 54
Subtotal: Biotechnology Tools (0.01%)*					323	54
Communications & Networking						
Intelepeer, Inc. ⁽¹⁴⁾	Communications & Networking	Warrant	Preferred Series C	117,958	102	31
OpenPeak, Inc.	Communications & Networking	Warrant	Common Stock	108,982	149	121
PeerApp, Inc.	Communications & Networking	Warrant	Preferred Series B	298,779	61	42
Peerless Network, Inc.	Communications & Networking	Warrant	Preferred Series A	135,000	95	467
Ping Identity Corporation	Communications & Networking	Warrant	Preferred Series B	1,136,277	52	102
SkyCross, Inc. ⁽¹⁴⁾	Communications & Networking	Warrant	Preferred Series F	9,762,777	393	417
Spring Mobile Solutions, Inc.	Communications & Networking	Warrant	Preferred Series D	2,834,375	418	358
Stoke, Inc.	Communications & Networking	Warrant	Preferred Series D	118,181	65	—
Subtotal: Communications & Networking (0.23%)*					1,335	1,538
Consumer & Business Products						
Intelligent Beauty, Inc. ⁽¹⁴⁾	Consumer & Business Products	Warrant	Preferred Series B	190,234	230	365
Market Force Information, Inc.	Consumer & Business Products	Warrant	Preferred Series A	99,286	24	2
Pong Research Corporation ⁽¹⁴⁾	Consumer & Business Products	Warrant	Preferred Series A	1,662,441	228	197
The Neat Company ⁽¹⁴⁾		Warrant		540,540	365	328

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	Consumer & Business Products		Preferred Series C-1			
Subtotal: Consumer & Business Products (0.14%)*					847	892
Diagnostic						
Navidea Biopharmaceuticals, Inc. (pka Neoprobe) ⁽³⁾⁽¹⁴⁾	Diagnostic	Warrant	Common Stock	333,333	244	25
Subtotal: Diagnostic (0.00%)*					244	25
Drug Delivery						
AcelRx Pharmaceuticals, Inc. ⁽³⁾⁽¹⁰⁾⁽¹⁴⁾	Drug Delivery	Warrant	Common Stock	176,730	786	330
Alexza Pharmaceuticals, Inc. ⁽³⁾	Drug Delivery	Warrant	Common Stock	37,639	645	—
BIND Therapeutics, Inc. ⁽³⁾⁽¹⁴⁾	Drug Delivery	Warrant	Common Stock	71,359	367	43
Celator Pharmaceuticals, Inc. ⁽³⁾	Drug Delivery	Warrant	Common Stock	158,006	107	92
Celsion Corporation ⁽³⁾	Drug Delivery	Warrant	Common Stock	194,986	428	341
Dance Biopharm, Inc. ⁽¹⁴⁾	Drug Delivery	Warrant	Preferred Series A	97,701	74	164
Edge Therapeutics, Inc.	Drug Delivery	Warrant	Preferred Series C	129,870	390	392
Intelliject, Inc.	Drug Delivery	Warrant	Preferred Series B	82,500	593	1,119
Neos Therapeutics, Inc. ⁽¹⁴⁾	Drug Delivery	Warrant	Preferred Series C	170,000	285	275
Revance Therapeutics, Inc. ⁽³⁾	Drug Delivery	Warrant	Common Stock	53,511	558	95
Transcept Pharmaceuticals, Inc. ⁽³⁾⁽¹⁵⁾	Drug Delivery	Warrant	Common Stock	61,452	87	—
Zosano Pharma, Inc.	Drug Delivery	Warrant	Common Stock	31,674	164	109
Subtotal: Drug Delivery (0.45%)*					4,484	2,960
Drug Discovery & Development						
ADMA Biologics, Inc. ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	66,550	218	230
Anthera Pharmaceuticals, Inc. ⁽³⁾⁽¹⁴⁾	Drug Discovery & Development	Warrant	Common Stock	40,178	984	—
Aveo Pharmaceuticals, Inc. ⁽³⁾⁽¹⁰⁾⁽¹⁴⁾	Drug Discovery & Development	Warrant	Common Stock	608,696	194	184
Cempra, Inc. ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	138,797	458	538
Cerecor Inc.	Drug Discovery & Development	Warrant	Preferred Series B	625,208	70	68

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Chroma Therapeutics, Ltd. ⁽⁵⁾⁽¹⁰⁾	Drug Discovery & Development	Warrant	Preferred Series D	325,261	490	—	
Cleveland BioLabs, Inc. ⁽³⁾⁽¹⁴⁾	Drug Discovery & Development	Warrant	Common Stock	156,250	105	24	
Concert Pharmaceuticals, Inc. ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	70,796	368	144	
Coronado Biosciences, Inc. ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	73,009	142	38	
Dicerna Pharmaceuticals, Inc. ⁽³⁾⁽¹⁴⁾	Drug Discovery & Development	Warrant	Common Stock	200	28	—	
Epirus Biopharmaceuticals, Inc. ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	64,194	276	276	
Horizon Pharma, Inc. ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	22,408	231	23	
Neothetics, Inc. (pka Lithera, Inc) ⁽¹⁴⁾	Drug Discovery & Development	Warrant	Preferred Series C	114,285	89	89	
Nanotherapeutics, Inc. ⁽¹⁴⁾	Drug Discovery & Development	Warrant	Common Stock	50,296	838	839	
uniQure B.V. ⁽³⁾⁽⁵⁾⁽¹⁰⁾	Drug Discovery & Development	Warrant	Common Stock	37,174	218	79	
Subtotal: Drug Discovery & Development (0.39%)*					4,709	2,532	

See notes to consolidated financial statements.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2014

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Electronics & Computer Hardware						
Clustrix, Inc.	Electronics & Computer Hardware	Warrant	Common Stock	50,000	\$ 12	\$ 11
Identiv, Inc. ⁽³⁾	Electronics & Computer Hardware	Warrant	Common Stock	99,208	247	584
Subtotal: Electronics & Computer Hardware (0.09%)*					259	595
Energy Technology						
Agrivida, Inc. ⁽¹⁴⁾	Energy Technology	Warrant	Preferred Series C	77,447	120	—
Alphabet Energy, Inc. ⁽¹⁴⁾	Energy Technology	Warrant	Preferred Series A	86,329	81	145
American Superconductor Corporation ⁽³⁾	Energy Technology	Warrant	Common Stock	512,820	391	86
Brightsource Energy, Inc. ⁽¹⁴⁾	Energy Technology	Warrant	Preferred Series 1	175,000	780	220
Calera, Inc. ⁽¹⁴⁾	Energy Technology	Warrant	Preferred Series C	44,529	513	—
EcoMotors, Inc. ⁽¹⁴⁾	Energy Technology	Warrant	Preferred Series B	437,500	308	368
Fluidic, Inc.	Energy Technology	Warrant	Preferred Series C	59,665	102	70
Fulcrum Bioenergy, Inc.	Energy Technology	Warrant	Preferred Series C-1	280,897	275	204
GreatPoint Energy, Inc. ⁽¹⁴⁾	Energy Technology	Warrant	Preferred Series D-1	393,212	548	—
Polyera Corporation ⁽¹⁴⁾	Energy Technology	Warrant	Preferred Series C	161,575	69	161
Propel Fuels ⁽¹⁴⁾	Energy Technology	Warrant	Preferred Series C	3,200,000	211	—
SCIEnergy, Inc.	Energy Technology	Warrant	Common Stock	530,811	181	—
	Energy Technology	Warrant		145,811	50	—

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			Preferred Series 1			
Total SCIEnergy, Inc.				676,622	231	—
Scifiniti (pka Integrated Photovoltaics, Inc.) ⁽¹⁴⁾	Energy Technology	Warrant	Preferred Series A-1	390,000	82	67
Solexel, Inc. ⁽¹⁴⁾	Energy Technology	Warrant	Preferred Series C	1,171,625	1,162	614
Stion Corporation ⁽⁶⁾	Energy Technology	Warrant	Preferred Series Seed	2,154	1,378	—
TAS Energy, Inc.	Energy Technology	Warrant	Preferred Series F	428,571	299	302
TPI Composites, Inc.	Energy Technology	Warrant	Preferred Series B	160	273	136
Trilliant, Inc. ⁽¹⁴⁾	Energy Technology	Warrant	Preferred Series A	320,000	161	41
Subtotal: Energy Technology (0.37%)*					6,984	2,414
Healthcare Services, Other						
Chromadex Corporation ⁽³⁾⁽¹⁴⁾	Drug Discovery & Development	Warrant	Common Stock	419,020	157	159
MDEverywhere, Inc.	Healthcare Services, Other	Warrant	Common Stock	129	93	29
Subtotal: Healthcare Services, Other (0.03%)*					250	188
Information Services						
Cha Cha Search, Inc. ⁽¹⁴⁾	Information Services	Warrant	Preferred Series G	48,232	58	14
InXpo, Inc. ⁽¹⁴⁾	Information Services	Warrant	Preferred Series C	648,400	98	13
	Information Services	Warrant	Preferred Series C-1	740,832	58	15
Total InXpo, Inc.				1,389,232	156	28
Jab Wireless, Inc. ⁽¹⁴⁾	Information Services	Warrant	Preferred Series A	266,567	265	934
RichRelevance, Inc. ⁽¹⁴⁾	Information Services	Warrant	Preferred Series E	112,612	98	—
Subtotal: Information Services (0.15%)*					577	976
Internet Consumer & Business Services						
Blurb, Inc. ⁽¹⁴⁾	Internet Consumer & Business Services	Warrant	Preferred Series B	218,684	299	88
	Internet Consumer & Business Services	Warrant	Preferred Series C	234,280	636	180
Total Blurb, Inc.				452,964	935	268
CashStar, Inc. ⁽¹⁴⁾	Internet Consumer & Business Services	Warrant	Preferred Series C-2	727,272	130	57
Gazelle, Inc. ⁽¹⁴⁾	Internet Consumer & Business Services	Warrant	Preferred Series A-1	991,288	158	158

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Just Fabulous, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series B	206,184	1,102	1,521
LightSpeed Retail, Inc. (5)(10)	Internet Consumer & Business Services	Warrant	Preferred Series C	24,561	20	63
Prism Education Group, Inc. (14)	Internet Consumer & Business Services	Warrant	Preferred Series B	200,000	43	—
Progress Financial	Internet Consumer & Business Services	Warrant	Preferred Series G	174,562	78	32
Reply! Inc.	Internet Consumer & Business Services	Warrant	Preferred Series B	137,225	320	9
ShareThis, Inc. (14)	Internet Consumer & Business Services	Warrant	Preferred Series C	493,502	547	133
Tapjoy, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series D	430,485	263	93
Tectura Corporation	Internet Consumer & Business Services	Warrant	Preferred Series B-1	253,378	51	—
WaveMarket, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series B-1	1,083,779	105	—
Subtotal: Internet Consumer & Business Services (0.36%)*					3,752	2,334

See notes to consolidated financial statements.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2014

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Media/Content/Info						
Everyday Health, Inc. (pka Waterfront Media, Inc.) ⁽³⁾	Media/Content/Info	Warrant	Common Stock	73,345	\$60	\$499
Mode Media Corporation ⁽¹⁴⁾	Media/Content/Info	Warrant	Preferred Series D	407,457	482	—
Rhapsody International, Inc. ⁽¹⁴⁾	Media/Content/Info	Warrant	Common Stock	715,755	384	165
Zoom Media Group, Inc.	Media/Content/Info	Warrant	Preferred Series A	1,204	348	330
Subtotal: Media/Content/Info (0.15%)*					1,274	994
Medical Devices & Equipment						
Amedica Corporation ⁽³⁾⁽¹⁴⁾	Medical Devices & Equipment	Warrant	Common Stock	516,129	459	13
Avedro, Inc. ⁽¹⁴⁾	Medical Devices & Equipment	Warrant	Preferred Series D	1,308,451	400	358
Baxano Surgical, Inc. ⁽³⁾	Medical Devices & Equipment	Warrant	Common Stock	882,353	439	53
Gamma Medica, Inc.	Medical Devices & Equipment	Warrant	Preferred Series A	357,500	170	171
Gelesis, Inc. ⁽⁶⁾⁽¹⁴⁾	Medical Devices & Equipment	Warrant	LLC Interest	263,688	78	2
Home Dialysis Plus, Inc.	Medical Devices & Equipment	Warrant	Preferred Series A	500,000	403	438
InspireMD, Inc. ⁽³⁾⁽⁵⁾⁽¹⁰⁾	Medical Devices & Equipment	Warrant	Common Stock	168,351	242	102
Medrobotics Corporation ⁽¹⁴⁾	Medical Devices & Equipment	Warrant	Preferred Series E	455,539	370	259
MELA Sciences, Inc. ⁽³⁾	Medical Devices & Equipment	Warrant	Common Stock	69,320	400	3
NetBio, Inc.	Medical Devices & Equipment	Warrant	Common Stock	2,568	408	62
NinePoint Medical, Inc. ⁽¹⁴⁾	Medical Devices & Equipment	Warrant	Preferred Series A-1	587,840	170	169

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Novasys Medical, Inc.	Medical Devices & Equipment	Warrant	Common Stock	109,449	2	—
	Medical Devices & Equipment	Warrant	Preferred Series D	526,840	125	—
	Medical Devices & Equipment	Warrant	Preferred Series D-1	53,607	6	—
Total Novasys Medical, Inc.				689,896	133	—
Optiscan Biomedical, Corp. (6)(14)	Medical Devices & Equipment	Warrant	Preferred Series D	10,535,275	1,252	221
Oraya Therapeutics, Inc.	Medical Devices & Equipment	Warrant	Common Stock	954	66	—
	Medical Devices & Equipment	Warrant	Preferred Series 1	1,632,084	678	—
Total Oraya Therapeutics, Inc.				1,633,038	744	—
Quanterix Corporation	Medical Devices & Equipment	Warrant	Preferred Series C	69,371	103	91
SonaCare Medical, LLC (pka US HIFU, LLC)	Medical Devices & Equipment	Warrant	Preferred Series A	409,704	188	—
United Orthopedic Group, Inc.	Medical Devices & Equipment	Warrant	Preferred Series A	423,076	608	—
ViewRay, Inc. (14)	Medical Devices & Equipment	Warrant	Preferred Series C	312,500	333	280
Subtotal: Medical Devices & Equipment (0.34%)*					6,900	2,222
Semiconductors						
Achronix Semiconductor Corporation	Semiconductors	Warrant	Preferred Series C	360,000	159	1
Avnera Corporation	Semiconductors	Warrant	Preferred Series E	102,958	14	21
SiTime Corporation (14)	Semiconductors	Warrant	Preferred Series G	195,683	24	—
Subtotal: Semiconductors (0.00%)*					197	22
Software						
Atrenta, Inc.	Software	Warrant	Preferred Series D	392,670	120	350
Braxton Technologies, LLC	Software	Warrant	Preferred Series A	168,750	188	—
CareCloud Corporation (14)	Software	Warrant	Preferred Series B	413,433	258	423
Central Desktop, Inc. (14)	Software	Warrant	Preferred Series B	522,769	108	296
Clickfox, Inc. (14)	Software	Warrant	Preferred Series B	1,038,563	330	456
	Software	Warrant	Preferred Series C	592,019	730	354
	Software	Warrant	Preferred Series C-A	46,109	14	20

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Total Clickfox, Inc.				1,676,691	1,074	830
Daegis Inc. (pka Unify Corporation) ⁽³⁾⁽¹⁴⁾	Software	Warrant	Common Stock	718,860	1,434	4
ForeScout Technologies, Inc.	Software	Warrant	Preferred Series E	80,587	41	57
Hillcrest Laboratories, Inc. ⁽¹⁴⁾	Software	Warrant	Preferred Series E	1,865,650	54	79
Knowledge Holdings, Inc. ⁽¹⁴⁾	Software	Warrant	Preferred Series E	550,781	15	7
Mobile Posse, Inc. ⁽¹⁴⁾	Software	Warrant	Preferred Series C	396,430	130	79
Neos Geosolutions, Inc. ⁽¹⁴⁾	Software	Warrant	Preferred Series 3	221,150	22	—
Soasta, Inc. ⁽¹⁴⁾	Software	Warrant	Preferred Series E	410,800	691	772
Sonian, Inc. ⁽¹⁴⁾	Software	Warrant	Preferred Series C	185,949	106	58
SugarSync, Inc. ⁽¹⁴⁾	Software	Warrant	Preferred Series CC	332,726	78	87
	Software	Warrant	Preferred Series DD	107,526	33	31
Total SugarSync, Inc.				440,252	111	118
Touchcommerce, Inc. ⁽¹⁴⁾	Software	Warrant	Preferred Series E	992,595	252	123
White Sky, Inc. ⁽¹⁴⁾	Software	Warrant	Preferred Series B-2	124,295	54	3
WildTangent, Inc. ⁽¹⁴⁾	Software	Warrant	Preferred Series 3	100,000	238	46
Subtotal: Software (0.49%)*					4,896	3,245
See notes to consolidated financial statements.						

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2014

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Specialty Pharmaceuticals						
Alimera Sciences, Inc. (3)	Specialty Pharmaceuticals	Warrant	Common Stock	285,016	\$ 728	\$ 670
QuatRx Pharmaceuticals Company	Specialty Pharmaceuticals	Warrant	Preferred Series E	155,324	308	—
Subtotal: Specialty Pharmaceuticals (0.10%)*					1,036	670
Surgical Devices						
Gynesonics, Inc. ⁽¹⁴⁾	Surgical Devices	Warrant	Preferred Series C	180,480	74	30
	Surgical Devices	Warrant	Preferred Series D	1,575,965	320	408
Total Gynesonics, Inc.				1,756,445	394	438
Transmedics, Inc.	Surgical Devices	Warrant	Preferred Series B	40,436	225	2
	Surgical Devices	Warrant	Preferred Series D	175,000	100	300
Total Transmedics, Inc.				215,436	325	302
Subtotal: Surgical Devices (0.11%)*					719	740
Total Warrant Investments (3.41%)*					38,786	22,401
Total Investments (152.23%)*					\$ 1,012,297	\$ 998,913

* Value as a percent of net assets

- (1) Preferred and common stock, warrants, and equity interests are generally non-income producing.
- (2) Gross unrealized appreciation, gross unrealized depreciation, and net depreciation for federal income tax purposes totaled \$42.7 million, \$59.7 million and \$17.0 million respectively. The tax cost of investments is \$1.0 billion.
- (3) Except for warrants in twenty-nine publicly traded companies and common stock in eleven publicly traded companies, all investments are restricted at September 30, 2014 and were valued at fair value as determined in good faith by the Audit Committee of the Board of Directors. No unrestricted securities of the same issuer are outstanding. The Company uses the Standard Industrial Code for classifying the industry grouping of its portfolio companies.

- (4) Debt investments of this portfolio company have been pledged as collateral under the Wells Facility.
- (5) Non-U.S. company or the company's principal place of business is outside the United States.
- (6) Affiliate investment that is defined under the Investment Company Act of 1940 as companies in which HTGC owns at least 5% but not more than 25% of the voting securities of the company.
- (7) Control investment that is defined under the Investment Company Act of 1940 as companies in which HTGC owns at least 25% of the voting securities of the company or has greater than 50% representation on its board. There were no control investments at September 30, 2014.
- (8) Debt is on non-accrual status at September 30, 2014, and is therefore considered non-income producing.
- (9) Denotes that all or a portion of the debt investment is convertible senior debt.
- (10) Indicates assets that the Company deems not "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.
- (11) Denotes that all or a portion of the debt investment secures the notes offered in the Debt Securitization (as defined in Note 4).
- (12) Denotes that all or a portion of the debt investment principal includes accumulated PIK, or paid-in-kind, interest and is net of repayments.
- (13) Denotes that all or a portion of the debt investment includes an exit fee receivable.
- (14) Denotes that all or a portion of the investment in this portfolio company is held by HT II or HT III, the Company's wholly-owned SBIC subsidiaries.
- (15) Subsequent to September 30, 2014, this company completed a public merger. Note that the September 30, 2014 fair value does not reflect any potential impact of the conversion of our shares to the new entity.

See notes to consolidated financial statements.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2013

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor	Principal Amount	Cost ⁽²⁾	Value ⁽³⁾
Debt							
Biotechnology Tools							
1-5 Years Maturity							
Labcyte, Inc. ⁽¹¹⁾	Biotechnology Tools	Senior Secured	June 2016	Interest rate PRIME + 6.70% or Floor rate of 9.95%	\$4,270	\$4,323	\$4,289
Subtotal: 1-5 Years Maturity						4,323	4,289
Subtotal: Biotechnology Tools (0.66%)*						4,323	4,289
Energy Technology							
Under 1 Year Maturity							
American Superconductor Corporation ⁽³⁾⁽¹¹⁾	Energy Technology	Senior Secured	December 2014	Interest rate PRIME + 7.25% or Floor rate of 11.00%	\$4,615	4,991	4,991
Brightsource Energy, Inc.	Energy Technology	Senior Secured	January 2014	Interest rate Prime + 8.25% or Floor rate of 11.50%	\$15,000	15,886	15,886
Enphase Energy, Inc. ⁽¹¹⁾	Energy Technology	Senior Secured	June 2014	Interest rate PRIME + 5.75% or Floor rate of 9.00%	\$1,315	1,358	1,358
Subtotal: Under 1 Year Maturity						22,236	22,236
1-5 Years Maturity							
Agrivida, Inc.	Energy Technology	Senior Secured	December 2016	Interest rate PRIME + 6.75% or Floor rate of 10.00%	\$6,000	5,887	5,770
American Superconductor Corporation ⁽³⁾⁽¹¹⁾	Energy Technology	Senior Secured	November 2016	Interest rate PRIME + 7.25% or Floor rate of 11.00%	\$10,000	9,801	9,801
APTwater, Inc	Energy Technology	Senior Secured	April 2017	Interest rate PRIME + 6.75% or Floor rate of 10.00%, PIK Interest 2.75%	\$18,085	17,874	17,874
BioAmber, Inc. ⁽⁵⁾⁽¹⁰⁾	Energy Technology	Senior Secured	June 2016	Interest rate PRIME + 6.75% or Floor rate of 10.00%	\$25,000	25,298	25,798
Enphase Energy, Inc. ⁽¹¹⁾	Energy Technology	Senior Secured	August 2016	Interest rate PRIME + 8.25% or Floor rate of 11.50%	\$7,400	7,422	7,314

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Fluidic, Inc.	Energy Technology	Senior Secured	March 2016	Interest rate PRIME + 8.00% or Floor rate of 11.25%	\$5,000	4,922	4,922
Fulcrum Bioenergy, Inc. ⁽¹¹⁾	Energy Technology	Senior Secured	November 2016	Interest rate PRIME + 7.75% or Floor rate of 11.00%	\$10,000	9,944	9,694
Glori Energy, Inc. ⁽¹¹⁾	Energy Technology	Senior Secured	June 2015	Interest rate PRIME + 6.75% or Floor rate of 10.00%	\$5,333	5,457	5,414
Polyera Corporation	Energy Technology	Senior Secured	June 2016	Interest rate PRIME + 6.75% or Floor rate of 10.00%	\$5,809	5,797	5,686
SCIEnergy, Inc. ⁽⁴⁾	Energy Technology	Senior Secured	September 2015	Interest rate PRIME + 8.75% or Floor rate of 12.00%	\$4,448	4,596	4,685
Scifiniti (pka Integrated Photovoltaics, Inc.)	Energy Technology	Senior Secured	February 2015	Interest rate PRIME + 7.38% or Floor rate of 10.63%	\$1,463	1,443	1,429
Stion Corporation. ⁽⁴⁾⁽⁶⁾	Energy Technology	Senior Secured	February 2015	Interest rate PRIME + 6.75% or Floor rate of 10.00%	\$4,571	4,005	4,096
TAS Energy, Inc.	Energy Technology	Senior Secured	February 2015	Interest rate PRIME + 7.75% or Floor rate of 11.00%	\$15,000	15,277	15,421
	Energy Technology	Senior Secured	February 2015	Interest rate PRIME + 6.25% or Floor rate of 9.50%	\$4,503	4,374	4,338
Total TAS Energy, Inc.						19,651	19,760
TPI Composites, Inc.	Energy Technology	Senior Secured	June 2016	Interest rate PRIME + 8.00% or Floor rate of 11.25%	\$15,000	14,888	14,889
Subtotal: 1-5 Years Maturity						136,985	137,131
Subtotal: Energy Technology (24.52%)* ⁽¹³⁾						159,221	159,367
Communications & Networking							
1-5 Years Maturity							
OpenPeak, Inc. ⁽¹¹⁾	Communications & Networking	Senior Secured	July 2015	Interest rate PRIME + 8.75% or Floor rate of 12.00%	\$10,029	10,714	10,814
Spring Mobile Solutions, Inc.	Communications & Networking	Senior Secured	November 2016	Interest rate PRIME + 8.00% or Floor rate of 11.25%	\$20,000	19,682	19,875
Subtotal: 1-5 Years Maturity						30,396	30,690
Subtotal: Communications & Networking (4.72%)*						30,396	30,690

See notes to consolidated financial statements.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2013

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor	Principal Amount	Cost ⁽²⁾	Value ⁽³⁾
Drug Delivery							
1-5 Years Maturity							
AcelRx Pharmaceuticals, Inc. ⁽³⁾⁽¹⁰⁾	Drug Delivery	Senior Secured	October 2017	Interest rate PRIME + 3.85% or Floor rate of 9.10%	\$ 15,000	\$ 14,556	\$ 15,006
BIND Therapeutics, Inc. ⁽³⁾	Drug Delivery	Senior Secured	September 2016	Interest rate Prime + 7.00% or Floor rate of 10.25%	\$ 4,500	4,407	4,458
Celsion Corporation ⁽³⁾	Drug Delivery	Senior Secured	June 2017	Interest rate Prime + 8.00% or Floor rate of 11.25%	\$ 5,000	4,897	4,897
Dance Biopharm, Inc.	Drug Delivery	Senior Secured	August 2017	Interest rate PRIME + 7.4% or Floor rate of 10.65%	\$ 1,000	974	974
Intelliject, Inc. ⁽¹¹⁾	Drug Delivery	Senior Secured	June 2016	Interest rate PRIME + 5.75% or Floor rate of 11.00%	\$ 15,000	15,150	15,450
NuPathe, Inc. ⁽³⁾	Drug Delivery	Senior Secured	May 2016	Interest rate Prime - 3.25% or Floor rate of 9.85%	\$ 5,749	5,629	5,744
Revanche Therapeutics, Inc.	Drug Delivery	Senior Secured	March 2015	Interest rate PRIME + 6.60% or Floor rate of 9.85%	\$ 9,798	10,032	9,943

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Drug Delivery	Senior Secured	March 2015	Interest rate PRIME + 6.60% or Floor rate of 9.85%	\$ 980	1,011	994
Total Revance Therapeutics, Inc.					11,043	10,937
Subtotal: 1-5 Years Maturity					56,655	57,466
Subtotal: Drug Delivery (8.84%)*					56,655	57,466

Drug Discovery & Development

1-5 Years Maturity

ADMA Biologics, Inc. ⁽³⁾	Drug Discovery & Development	Senior Secured	April 2016	Interest rate Prime + 2.75% or Floor rate of 8.50%	\$ 5,000	4,956	4,892
Anacor Pharmaceuticals, Inc.	Drug Discovery & Development	Senior Secured	July 2017	Interest rate PRIME + 6.40% or Floor rate of 11.65%	\$ 30,000	29,083	29,810
Aveo Pharmaceuticals, Inc. ⁽³⁾⁽¹⁰⁾⁽¹¹⁾	Drug Discovery & Development	Senior Secured	September 2015	Interest rate PRIME + 7.15% or Floor rate of 11.90%	\$ 19,396	19,396	19,590
Cell Therapeutics, Inc. ⁽³⁾⁽¹¹⁾	Drug Discovery & Development	Senior Secured	October 2016	Interest rate Prime + 9.00% or Floor rate of 12.25%	\$ 15,000	14,750	15,200
Cempra, Inc. ⁽³⁾⁽¹¹⁾	Drug Discovery & Development	Senior Secured	June 2017	Interest rate PRIME + 6.30% or Floor rate of 9.55%	\$ 15,000	14,795	14,550
Cleveland BioLabs, Inc. ⁽³⁾	Drug Discovery & Development	Senior Secured	January 2017	Interest rate PRIME + 6.20% or Floor rate of 10.45%	\$ 6,000	5,909	5,909
Concert Pharmaceuticals, Inc. ⁽⁴⁾	Drug Discovery & Development	Senior Secured	October 2015	Interest rate PRIME + 3.25% or Floor rate of 8.50%	\$ 15,091	14,933	14,649
Coronado Biosciences, Inc. ⁽³⁾⁽¹¹⁾	Drug Discovery & Development	Senior Secured	March 2016	Interest rate PRIME + 6.00% or Floor rate of 9.25%	\$ 13,654	13,720	13,449

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Dicerna Pharmaceuticals, Inc.	Drug Discovery & Development	Senior Secured	January 2015	Interest rate PRIME + 4.40% or Floor rate of 10.15%	\$ 5,026	4,991	4,981
Insmed, Incorporated ⁽¹¹⁾	Drug Discovery & Development	Senior Secured	January 2016	Interest rate PRIME + 4.75% or Floor rate of 9.25%	\$ 20,000	19,708	19,535
Merrimack Pharmaceuticals, Inc. ⁽³⁾	Drug Discovery & Development	Senior Secured	November 2016	Interest rate PRIME + 5.30% or Floor rate of 10.55%	\$ 40,000	40,314	39,455
Neuralstem, Inc. ⁽³⁾	Drug Discovery & Development	Senior Secured	June 2016	Interest rate PRIME + 7.75% or Floor rate of 11.00%	\$ 8,000	7,874	8,035
Paratek Pharmaceuticals, Inc.	Drug Discovery & Development	Senior Secured	N/A	Interest rate Fixed 10.00%	\$ 36	36	—
	Drug Discovery & Development	Senior Secured	N/A	Interest rate Fixed 10.00%	\$ 45	45	—
	Drug Discovery & Development	Senior Secured	N/A	N/A	\$ 28	28	—
Total Paratek Pharmaceuticals, Inc.					\$ 109	109	—
uniQure B.V. ⁽⁵⁾⁽¹⁰⁾⁽¹¹⁾	Drug Discovery & Development	Senior Secured	October 2016	Interest rate PRIME + 8.60% or Floor rate of 11.85%	\$ 10,000	9,695	9,818
Subtotal: 1-5 Years Maturity						200,232	199,872
Subtotal: Drug Discovery & Development (30.75%)*						200,232	199,872

See notes to consolidated financial statements.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2013

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor	Principal Amount	Cost ⁽²⁾	Value ⁽³⁾
Electronics & Computer Hardware							
1-5 Years Maturity							
Clustrix, Inc.	Electronics & Computer Hardware	Senior Secured	December 2015	Interest rate PRIME + 6.50% or Floor rate of 9.75%	\$ 524	\$ 526	\$ 526
Identive Group, Inc. ⁽³⁾⁽¹¹⁾	Electronics & Computer Hardware	Senior Secured	November 2015	Interest rate PRIME + 7.75% or Floor rate of 11.00%	\$ 5,938	5,696	5,755
OCZ Technology Group, Inc.	Electronics & Computer Hardware	Senior Secured	April 2016	Interest rate Prime + 8.75% or Floor rate of 12.50%, PIK Interest 3.00%	\$ 1,221	1,221	1,221
Plures Technologies, Inc. ⁽³⁾	Electronics & Computer Hardware	Senior Secured	October 2016	Interest rate Prime + 12.75% or Floor rate of 16.00%, PIK Interest 4.00%	\$ 2,046	1,958	1,458
Subtotal: 1-5 Years Maturity						9,400	8,959
Subtotal: Electronics & Computer Hardware (1.38%)*						9,400	8,959
Healthcare Services, Other							
1-5 Years Maturity							
InstaMed Communications, LLC	Healthcare Services, Other	Senior Secured	December 2016	Interest rate PRIME + 7.25% or Floor rate of 10.50%	\$ 3,000	2,979	2,979
MDEverywhere, Inc.	Healthcare Services, Other	Senior Secured	June 2016	Interest rate LIBOR + 9.50% or Floor rate of 10.75%	\$ 2,000	1,875	1,907
Orion Healthcorp, Inc.	Healthcare Services, Other	Senior Secured	June 2017	Interest rate LIBOR + 10.50% or Floor rate of 12.00%,	\$ 6,591	6,467	6,413

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				PIK Interest 3.00%			
	Healthcare Services, Other	Senior Secured	June 2017	Interest rate LIBOR + 9.50% or Floor rate of 11.00%	\$ 9,000	8,838	8,445
	Healthcare Services, Other	Senior Secured	June 2016	Interest rate LIBOR + 8.25% or Floor rate of 9.50%	\$ 500	465	461
Total Orion Healthcorp, Inc.					\$ 16,091	15,769	15,318
Pacific Child & Family Associates, LLC	Healthcare Services, Other	Senior Secured	January 2015	Interest rate LIBOR + 9.00% or Floor rate of 11.50%	\$ 1,946	2,017	1,988
	Healthcare Services, Other	Senior Secured	January 2015	Interest rate LIBOR + 11.00% or Floor rate of 14.00%, PIK interest 3.75%	\$ 6,836	6,867	6,833
Total Pacific Child & Family Associates, LLC					\$ 8,782	8,884	8,822
Subtotal: 1-5 Years Maturity						29,508	29,025
Subtotal: Healthcare Services, Other (4.47%)*						29,508	29,025
Information Services							
1-5 Years Maturity							
Eccentex Corporation ⁽¹¹⁾	Information Services	Senior Secured	May 2015	Interest rate PRIME + 7.00% or Floor rate of 10.25%	\$ 657	658	185
InXpo, Inc.	Information Services	Senior Secured	April 2016	Interest rate PRIME + 7.50% or Floor rate of 10.75%	\$ 2,550	2,489	2,384
Jab Wireless, Inc.	Information Services	Senior Secured	November 2017	Interest rate Libor + 6.75% or Floor rate of 8.00%	\$ 30,000	29,822	29,822
	Information Services	Senior Secured	November 2017	Interest rate Prime + 6.75% or Floor rate of 8.00%	\$ 2,000	1,996	1,996
Total Jab Wireless, Inc.					\$ 32,000	31,818	31,818
Womensforum.com ⁽¹¹⁾	Information Services	Senior Secured	October 2016	Interest rate LIBOR + 7.50% or Floor rate of 10.25%, PIK Interest 2.00%	\$ 4,607	4,536	4,127
		Senior Secured			\$ 6,900	6,793	6,470

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Information Services	October 2016	Interest rate LIBOR + 6.50% or Floor rate of 9.25%				
Information Services	Senior Secured	April 2015	Interest rate LIBOR + 6.50% or Floor rate of 9.00%	\$ 1,250	1,227	1,156
Total Womensforum.com				\$ 12,757	12,556	11,754
Subtotal: 1-5 Years Maturity					47,521	46,140
Subtotal: Information Services (7.10%)*					47,521	46,140

See notes to consolidated financial statements.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2013

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor	Principal Amount	Cost ⁽²⁾	Value ⁽³⁾
Internet Consumer & Business Services							
Under 1 Year Maturity							
Gazelle, Inc.	Internet Consumer & Business Services	Senior Secured	October 2014	Interest rate PRIME + 6.50% or Floor rate of 9.75%	\$2,137	\$2,115	\$2,115
Tectura Corporation ⁽⁸⁾	Internet Consumer & Business Services	Senior Secured	May 2014	Interest rate LIBOR + 10.00% or Floor rate of 13.00%	\$6,468	6,467	3,566
	Internet Consumer & Business Services	Senior Secured	May 2014	Interest rate LIBOR + 8.00% or Floor rate of 11.00%, PIK Interest 1.00%	\$10,777	10,777	5,943
	Internet Consumer & Business Services	Senior Secured	May 2014	Interest rate LIBOR + 10.00% or Floor rate of 13.00%	\$563	563	310
	Internet Consumer & Business Services	Senior Secured	May 2014	Interest rate LIBOR + 10.00% or Floor rate of 13.00%	\$5,000	5,000	2,757
Total Tectura Corporation					\$22,807	22,806	12,576
Subtotal: Under 1 Year Maturity						24,921	14,691
1-5 Years Maturity							
Blurb, Inc.	Internet Consumer & Business Services	Senior Secured	December 2015	Interest rate PRIME + 5.25% or Floor rate of 8.50%	\$6,351	6,216	6,054
CashStar, Inc.	Internet Consumer & Business Services	Senior Secured	June 2016	Interest rate Prime + 6.25% or Floor rate 10.50%, PIK Interest 1.00%	\$4,018	3,944	3,916
Education Dynamics, LLC	Internet Consumer & Business Services	Senior Secured	March 2016	Interest rate Libor + 12.5% or Floor rate 12.50%, PIK Interest 1.5%	\$24,685	24,284	23,582
Gazelle, Inc.	Internet Consumer & Business Services	Senior Secured	April 2016	Interest rate Prime + 7.00% or Floor rate of 10.25%, PIK Interest 2.50%	\$12,365	12,283	12,128
Just Fabulous, Inc.	Internet Consumer & Business Services	Senior Secured	February 2017	Interest rate PRIME + 8.25% or Floor rate of 11.50%	\$5,000	4,842	4,842
NetPlenish ⁽⁸⁾	Internet Consumer &	Senior Secured	September 2015	Interest rate FIXED 10.00%	\$383	375	—

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	Business Services							
	Internet Consumer & Business Services	Senior Secured	April 2015	Interest rate FIXED 10.00%				
					\$97	97	—	
Total NetPlenish Reply! Inc. ⁽¹¹⁾					\$480	472	—	
	Internet Consumer & Business Services	Senior Secured	February 2016	Interest rate PRIME + 7.25% or Floor rate of 10.50%, PIK Interest 2.00%	\$3,031	3,051	3,034	
	Internet Consumer & Business Services	Senior Secured	September 2015	Interest rate Prime + 6.88% or Floor rate of 10.13%, PIK Interest 2.00%	\$9,169	9,086	9,169	
	Internet Consumer & Business Services	Senior Secured	September 2015	Interest rate Prime + 7.25% or Floor rate of 11.00%, PIK Interest 2.00%	\$2,020	2,044	2,070	
Total Reply! Inc. ShareThis, Inc.					\$14,220	14,181	14,273	
	Internet Consumer & Business Services	Senior Secured	June 2016	Interest rate PRIME + 7.50% or Floor rate of 10.75%	\$14,578	14,160	14,160	
	Internet Consumer & Business Services	Senior Secured	September 2015	Interest rate LIBOR + 7.00% or Floor rate of 8.50%	\$7,897	7,927	7,525	
	Internet Consumer & Business Services	Senior Secured	September 2016	Interest rate LIBOR + 8.50% or Floor rate of 10.00%, PIK interest 2.50%	\$7,949	7,898	7,397	
Total VaultLogix, LLC					\$15,847	15,826	14,923	
	Internet Consumer & Business Services	Senior Secured	September 2015	Interest rate Prime + 5.75% or Floor rate of 9.50%	\$10,000	9,940	9,665	
WaveMarket, Inc. ⁽¹¹⁾								
Subtotal: 1-5 Years Maturity						106,148	103,545	
Subtotal: Internet Consumer & Business Services (18.19%)*						131,069	118,236	

See notes to consolidated financial statements.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2013

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor	Principal Amount	Cost ⁽²⁾	Value ⁽³⁾
Media/Content/Info							
Under 1 Year Maturity							
Zoom Media Group, Inc.	Media/Content/Info	Senior Secured	December 2014	Interest rate PRIME + 5.25% or Floor rate of 8.50%	\$4,000	\$3,858	\$3,858
Subtotal: Under 1 Year Maturity						3,858	3,858
1-5 Years Maturity							
Zoom Media Group, Inc.	Media/Content/Info	Senior Secured	December 2015	Interest rate PRIME + 7.25% and PIK + 3.75% or Floor rate of 10.50%	\$4,288	4,122	4,071
Subtotal: 1-5 Years Maturity						4,122	4,071
Subtotal: Media/Content/Info (1.22%)*						7,981	7,929
Medical Devices & Equipment							
Under 1 Year Maturity							
Oraya Therapeutics, Inc. ⁽⁹⁾⁽¹¹⁾	Medical Devices & Equipment	Senior Secured	December 2014	Interest rate Fixed 7.00%	\$500	500	500
Subtotal: Under 1 Year Maturity						500	500
1-5 Years Maturity							
Baxano Surgical, Inc. ⁽³⁾	Medical Devices & Equipment	Senior Secured	March 2017	Interest rate PRIME + 7.75% or Floor rate of 12.5%	\$7,500	7,222	7,222
Home Dialysis Plus, Inc.	Medical Devices & Equipment	Senior Secured	April 2017	Interest rate PRIME + 6.35% or Floor rate of 9.60%	\$10,000	9,732	9,732
InspireMD, Inc. ⁽³⁾⁽⁵⁾⁽¹⁰⁾	Medical Devices & Equipment	Senior Secured	February 2017	Interest rate PRIME + 5.00% or Floor rate of 10.50%	\$10,000	9,696	9,696
Medrobotics Corporation	Medical Devices & Equipment	Senior Secured	March 2016	Interest rate PRIME + 7.85% or Floor rate of 11.10%	\$4,561	4,489	4,454
NetBio, Inc.	Medical Devices & Equipment	Senior Secured	August 2017	Interest rate PRIME + 5.00% or	\$5,000	4,788	4,788

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				Floor rate of 11.00%			
NinePoint Medical, Inc.	Medical Devices & Equipment	Senior Secured	January 2016	Interest rate PRIME + 5.85% or Floor rate of 9.10%	\$5,946	5,911	5,794
Oraya Therapeutics, Inc. ⁽⁹⁾⁽¹¹⁾	Medical Devices & Equipment	Senior Secured	September 2015	Interest rate PRIME + 5.50% or Floor rate of 10.25%	\$7,064	6,980	7,162
SonaCare Medical, LLC (pka US HIFU, LLC) ⁽¹¹⁾	Medical Devices & Equipment	Senior Secured	April 2016	Interest rate PRIME + 7.75% or Floor rate of 11.00%	\$5,667	5,754	5,818
United Orthopedic Group, Inc.	Medical Devices & Equipment	Senior Secured	July 2016	Interest rate PRIME + 8.60% or Floor rate of 11.85%	\$25,000	24,647	25,166
ViewRay, Inc.	Medical Devices & Equipment	Senior Secured	June 2017	Interest rate PRIME + 7.00% or Floor rate of 10.25%, PIK Interest 1.50%	\$15,000	14,489	14,489
Subtotal: 1-5 Years Maturity						93,707	94,320
Subtotal: Medical Devices & Equipment (14.59%)*						94,206	94,819

Semiconductors
1-5 Years Maturity

Achronix Semiconductor Corporation	Semiconductors	Senior Secured	January 2015	Interest rate PRIME + 10.60% or Floor rate of 13.85%	\$1,032	1,023	1,006
SiTime Corporation	Semiconductors	Senior Secured	September 2016	Interest rate PRIME + 6.50% or Floor rate of 9.75%	\$3,500	3,473	3,473
Subtotal: 1-5 Years Maturity						4,495	4,479
Subtotal: Semiconductors (0.69%)*						4,495	4,479

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

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(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor	Principal Amount	Cost ⁽²⁾	Value ⁽³⁾
Software							
Under 1 Year Maturity							
Clickfox, Inc.	Software	Senior Secured	September 2014	Interest rate PRIME + 6.75% or Floor rate of 10.00%	\$ 2,000	\$ 1,979	\$ 1,979
StartApp, Inc.	Software	Senior Secured	December 2014	Interest rate PRIME + 2.75% or Floor rate of 6.00%	\$ 200	191	191
Touchcommerce, Inc.	Software	Senior Secured	December 2014	Interest rate Prime + 2.25% or Floor rate of 6.50%	\$ 3,111	3,071	2,970
Subtotal: Under 1 Year Maturity						5,241	5,140
1-5 Years Maturity							
Clickfox, Inc.	Software	Senior Secured	November 2015	Interest rate PRIME + 8.25% or Floor rate of 11.50%	\$ 5,842	5,530	5,530
Hillcrest Laboratories, Inc.	Software	Senior Secured	July 2015	Interest rate PRIME + 7.50% or Floor rate of 10.75%	\$ 2,660	2,630	2,604
Mobile Posse, Inc.	Software	Senior Secured	December 2016	Interest rate PRIME + 7.50% or Floor rate of 10.75%	\$ 4,000	3,876	3,879
Neos Geosolutions, Inc.	Software	Senior Secured	May 2016	Interest rate Prime + 5.75% or	\$ 3,771	3,808	3,705

				Floor rate of 10.50%			
Sonian, Inc.	Software	Senior Secured	July 2017	Interest rate PRIME + 7.00% or Floor rate of 10.25%	\$ 5,500	5,332	5,332
StartApp, Inc.	Software	Senior Secured	March 2017	Interest rate PRIME + 7.75% or Floor rate of 11.00%	\$ 2,500	2,507	2,498
Touchcommerce, Inc.	Software	Senior Secured	June 2017	Interest rate Prime + 6.00% or Floor rate of 10.25%	\$ 5,000	4,688	4,767
Subtotal: 1-5 Years Maturity						28,372	28,315
Subtotal: Software (5.15%)*						33,613	33,455
Specialty Pharmaceuticals							
1-5 Years Maturity							
Rockwell Medical, Inc.	Specialty Pharmaceuticals	Senior Secured	March 2017	Interest rate PRIME + 9.25% or Floor rate of 12.50%	\$ 20,000	20,055	20,055
Subtotal: 1-5 Years Maturity						20,055	20,055
Subtotal: Specialty Pharmaceuticals (3.09%)*						20,055	20,055
Surgical Devices							
1-5 Years Maturity							
Transmedics, Inc. ⁽¹¹⁾	Surgical Devices	Senior Secured	November 2015	Interest rate FIXED 12.95%	\$ 7,250	7,207	7,207
Subtotal: 1-5 Years Maturity						7,207	7,207
Subtotal: Surgical Devices (1.11%)*						7,207	7,207
Total Debt (126.46%)*						835,882	821,988

See notes to consolidated financial statements.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2013

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Equity						
Biotechnology Tools						
NuGEN Technologies, Inc.	Biotechnology Tools	Equity	Preferred Series C	189,394	\$ 500	\$ 687
Subtotal: Biotechnology Tools (0.11%)*					500	687
Communications & Networking						
GlowPoint, Inc. ⁽³⁾	Communications & Networking	Equity	Common Stock	114,192	102	157
Peerless Network, Inc.	Communications & Networking	Equity	Preferred Series A	1,000,000	1,000	3,621
Stoke, Inc.	Communications & Networking	Equity	Preferred Series E	152,905	500	224
Subtotal: Communications & Networking (0.62%)*					1,602	4,002
Consumer & Business Products						
Caivis Acquisition Corporation	Consumer & Business Products	Equity	Common Stock	295,861	819	598
IPA Holdings, LLC	Consumer & Business Products	Equity	LLC Interest	500,000	500	676
Market Force Information, Inc.	Consumer & Business Products	Equity	Preferred Series B	187,970	500	285
Subtotal: Consumer & Business Products (0.24%)*					1,819	1,559
Diagnostic						
Singulex, Inc.	Diagnostic	Equity	Common Stock	937,998	750	750
Subtotal: Diagnostic (0.12%)*					750	750
Drug Delivery						
AcelRx Pharmaceuticals, Inc. ⁽³⁾⁽¹⁰⁾	Drug Delivery	Equity	Common Stock	89,243	178	1,009
	Drug Delivery	Equity	Common Stock	20,000	9	—

Merrion
Pharmaceuticals,
Plc⁽³⁾⁽⁵⁾⁽¹⁰⁾

NuPathe, Inc. ⁽³⁾	Drug Delivery	Equity	Common Stock	50,000	146	164
Transcept Pharmaceuticals, Inc. ⁽³⁾	Drug Delivery	Equity	Common Stock			
				41,570	500	140
Subtotal: Drug Delivery (0.20%)*					833	1,313

Drug Discovery & Development

Acceleron Pharma, Inc. ⁽³⁾	Drug Discovery &Development	Equity	Common Stock	256,410	1,505	9,286
Aveo Pharmaceuticals, Inc. ⁽³⁾⁽¹⁰⁾	Drug Discovery &Development	Equity	Common Stock	167,864	842	307
Dicerna Pharmaceuticals, Inc. ⁽¹²⁾	Drug Discovery &Development	Equity	Preferred Series B	20,107	503	228
	Drug Discovery &Development	Equity	Preferred Series C	142,858	1,000	1,055
Total Dicerna Pharmaceuticals, Inc.				162,965	1,503	1,283
Inotek Pharmaceuticals Corporation	Drug Discovery &Development	Equity	Common Stock	15,334	1,500	—
Merrimack Pharmaceuticals, Inc. ⁽³⁾	Drug Discovery &Development	Equity	Common Stock	546,448	2,000	2,912
Paratek Pharmaceuticals, Inc.	Drug Discovery &Development	Equity	Common Stock	85,450	5	—
	Drug Discovery &Development	Equity	Preferred Series H	244,158	1,000	—
Total Paratek Pharmaceuticals, Inc.				329,608	1,005	—
Subtotal: Drug Discovery & Development (2.12%)*					8,355	13,788

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2013

(dollars in thousands)

Portfolio	Company	Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Information Services							
Buzznet, Inc.	Information Services		Equity	Preferred Series C	263,158	\$ 250	\$ —
Good Technologies, Inc. (pka Visto Corporation)	Information Services		Equity	Common Stock	500,000	603	—
Subtotal: Information Services (0.00%)*						853	—
Internet Consumer & Business Services							
Blurb, Inc.	Internet Consumer & Business Services		Equity	Preferred Series B	220,653	175	444
Philotic, Inc.	Internet Consumer & Business Services		Equity	Common Stock	8,121	92	
Progress Financial Services	Internet Consumer & Business Services		Equity	Preferred Series G	218,351	250	280
Trulia, Inc. ⁽³⁾	Internet Consumer & Business Services		Equity	Common Stock	29,340	141	1,035
Subtotal: Internet Consumer & Business Services (0.27%)*						658	1,759
Media/Content/Info							
Everyday Health, Inc. (pka Waterfront Media, Inc.)	Media/Content/Info		Equity	Preferred Series D	145,590	1,000	425
Subtotal: Media/Content/Info (0.07%)*						1,000	425

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Medical Devices & Equipment

Gelesis, Medical Devices & Equipment Inc. ⁽⁶⁾	Equity	LLC Interest	2,024,092	925	466
Medrobotics Corporation	Equity	Preferred Series E	136,798	250	269
Novasys Medical, Inc.	Equity	Preferred Series D-1	4,118,444	1,000	—
Optiscan Biomedical, Corp. ⁽⁶⁾	Equity	Preferred Series B	6,185,567	3,000	411
Medical Devices & Equipment	Equity	Preferred Series C	1,927,309	655	135
Medical Devices & Equipment	Equity	Preferred Series D	41,352,489	3,945	4,006
Total Optiscan Biomedical, Corp.			49,465,365	7,600	4,552
Subtotal: Medical Devices & Equipment (0.81%)*				9,775	5,287

Software

Atrenta, Inc.	Equity	Preferred Series C	1,196,845	986	1,607
Software	Equity	Preferred Series D	635,513	508	1,088
Total Atrenta, Inc.			1,832,358	1,494	2,695
Box, Inc.	Equity	Preferred Series C	390,625	500	7,031
Software	Equity	Preferred Series D	158,133	500	2,846
Software	Equity	Preferred Series D-1	124,511	1,000	2,241
Software	Equity	Preferred Series D-2	220,751	2,001	3,974
Software	Equity	Preferred Series E	38,183	500	687
Total Box, Inc.			932,203	4,501	16,779
CapLink, Inc.	Equity	Preferred Series A-3	53,614	51	94
ForeScout Technologies, Inc.	Equity	Preferred Series D	319,099	398	849
HighRoads, Inc.	Equity	Preferred Series B	190,170	307	337
Subtotal: Software (3.19%)*				6,751	20,754

Specialty Pharmaceuticals

Quintessence Pharmaceuticals Company	Equity	Preferred Series E	241,829	750	—
Specialty Pharmaceuticals	Equity		26,955	—	—

		Preferred Series E-1		
Specialty Pharmaceuticals	Equity	Preferred Series G	4,667,636	—
Total QuatRx Pharmaceuticals Company			4,936,420	750
Subtotal: Specialty Pharmaceuticals (0.00%)*				750
Surgical Devices				
Gynesonics Inc.	Equity	Preferred Series B	219,298	250
Surgical Devices	Equity	Preferred Series C	656,538	282
Surgical Devices	Equity	Preferred Series D	1,621,553	580
Total Gynesonics, Inc.			2,497,389	1,112
Transmedics Inc.	Equity	Preferred Series B	88,961	1,100
Surgical Devices	Equity	Preferred Series C	119,999	300
Surgical Devices	Equity	Preferred Series D	260,000	650
Total Transmedics, Inc.			468,960	2,050
Subtotal: Surgical Devices (0.36%)*				3,162
Total Equity (8.10%)*				52,670

See notes to consolidated financial statements.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2013

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Warrant						
Biotechnology Tools						
Labcyte, Inc.	Biotechnology Tools	Warrant	Preferred Series C	1,127,624	\$323	\$65
NuGEN Technologies, Inc.	Biotechnology Tools	Warrant	Preferred Series B	234,659	78	234
Subtotal: Biotechnology Tools (0.05%)*					401	299
Energy Technology						
Agrivida, Inc.	Energy Technology	Warrant	Preferred Series C	77,447	120	243
Alphabet Energy, Inc.	Energy Technology	Warrant	Preferred Series A	86,329	82	176
American Superconductor Corporation ⁽³⁾	Energy Technology	Warrant	Common Stock	512,820	391	175
Brightsource Energy, Inc.	Energy Technology	Warrant	Preferred Series 1	175,000	780	214
Calera, Inc.	Energy Technology	Warrant	Preferred Series C	44,529	513	—
EcoMotors, Inc.	Energy Technology	Warrant	Preferred Series B	437,500	308	475
Fluidic, Inc.	Energy Technology	Warrant	Preferred Series C	59,665	102	138
Fulcrum Bioenergy, Inc.	Energy Technology	Warrant	Preferred Series C-1	280,897	275	210
Glori Energy, Inc.	Energy Technology	Warrant	Preferred Series C	145,932	165	50
GreatPoint Energy, Inc.	Energy Technology	Warrant	Preferred Series D-1	393,212	548	—
Polyera Corporation	Energy Technology	Warrant	Preferred Series C	161,575	69	44
Propel Fuels	Energy Technology	Warrant	Preferred Series C	3,200,000	211	233
SCIEnergy, Inc.	Energy Technology	Warrant	Preferred Series D	1,061,623	360	2
	Energy Technology	Warrant		390,000	82	68

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Scifiniti (pka Integrated Photovoltaics, Inc.)			Preferred Series B			
Solexel, Inc.	Energy Technology	Warrant	Preferred Series C	1,171,625	1,162	278
Stion Corporation ⁽⁶⁾	Energy Technology	Warrant	Preferred Series Seed	2,154	1,378	1,627
TAS Energy, Inc.	Energy Technology	Warrant	Preferred Series F	428,571	299	756
TPI Composites, Inc.	Energy Technology	Warrant	Preferred Series B	120	172	376
Trilliant, Inc.	Energy Technology	Warrant	Preferred Series A	320,000	162	34
Subtotal: Energy Technology (0.78%)* ⁽¹³⁾					7,179	5,099
Communications & Networking						
Intelepeer, Inc.	Communications & Networking	Warrant	Preferred Series C	117,958	102	112
OpenPeak, Inc.	Communications & Networking	Warrant	Preferred Series 2	108,982	149	—
PeerApp, Inc.	Communications & Networking	Warrant	Preferred Series B	298,779	61	41
Peerless Network, Inc.	Communications & Networking	Warrant	Preferred Series A	135,000	95	368
Ping Identity Corporation	Communications & Networking	Warrant	Preferred Series B	1,136,277	52	98
Spring Mobile Solutions, Inc.	Communications & Networking	Warrant	Preferred Series D	2,834,375	417	661
Stoke, Inc.	Communications & Networking	Warrant	Preferred Series C	158,536	53	5
	Communications & Networking	Warrant	Preferred Series D	72,727	65	2
Total Stoke, Inc.				231,263	118	7
Subtotal: Communications & Networking (0.20%)*					994	1,287
Consumer & Business Products						
Intelligent Beauty, Inc.	Consumer & Business Products	Warrant	Preferred Series B	190,234	230	1,027
IPA Holdings, LLC	Consumer & Business Products	Warrant	Common Stock	650,000	275	408
Market Force Information, Inc.	Consumer & Business Products	Warrant	Preferred Series A	99,286	24	1
Subtotal: Consumer & Business Products (0.22%)*					529	1,436
Diagnostic						
Navidea Biopharmaceuticals, Inc. (pka Neoprobe) ⁽³⁾	Diagnostic	Warrant	Common Stock	333,333	244	152
Subtotal: Diagnostic (0.02%)*					244	152

See notes to consolidated financial statements.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2013

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Drug Delivery						
AcelRx Pharmaceuticals, Inc. ⁽³⁾⁽¹⁰⁾	Drug Delivery	Warrant	Common Stock	176,730	\$786	\$961
Alexza Pharmaceuticals, Inc. ⁽³⁾	Drug Delivery	Warrant	Common Stock	37,639	645	1
BIND Therapeutics, Inc. ⁽³⁾	Drug Delivery	Warrant	Common Stock	71,359	367	294
Celsion Corporation ⁽³⁾	Drug Delivery	Warrant	Common Stock	97,493	227	249
Dance Biopharm, Inc.	Drug Delivery	Warrant	Preferred Series A	97,701	74	154
Intelliject, Inc.	Drug Delivery	Warrant	Preferred Series B	82,500	594	1,115
NuPathe, Inc. ⁽³⁾	Drug Delivery	Warrant	Common Stock	106,631	139	136
Revance Therapeutics, Inc. ⁽¹²⁾	Drug Delivery	Warrant	Preferred Series E-5	802,675	557	330
Transcept Pharmaceuticals, Inc. ⁽³⁾	Drug Delivery	Warrant	Common Stock	61,452	87	3
Subtotal: Drug Delivery (0.50%)*					3,476	3,243
Drug Discovery & Development						
Acceleron Pharma, Inc. ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	11,611	39	294
ADMA Biologics, Inc. ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	31,750	129	73
Anthera Pharmaceuticals, Inc. ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	40,178	984	9
Cell Therapeutics, Inc. ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	679,040	405	601
Cempra, Inc. ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	138,797	458	728
Chroma Therapeutics, Ltd. ⁽⁵⁾⁽¹⁰⁾	Drug Discovery & Development	Warrant	Preferred Series D	325,261	490	500
Cleveland BioLabs, Inc. ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	156,250	105	66

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Concert Pharmaceuticals, Inc. ⁽¹²⁾	Drug Discovery & Development	Warrant	Preferred Series C	400,000	367	577
Coronado Biosciences, Inc. ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	73,009	142	41
Dicerna Pharmaceuticals, Inc. ⁽¹²⁾	Drug Discovery & Development	Warrant	Common Stock	200	28	—
	Drug Discovery & Development	Warrant	Preferred Series A	21,000	237	38
	Drug Discovery & Development	Warrant	Preferred Series B	26,400	310	48
Total Dicerna Pharmaceuticals, Inc.				47,600	575	86
Horizon Pharma, Inc. ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	22,408	231	5
Merrimack Pharmaceuticals, Inc. ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	302,143	155	488
Neuralstem, Inc. ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	648,798	295	1,045
Portola Pharmaceuticals, Inc. ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	68,702	153	683
uniQure B.V. ⁽⁵⁾⁽¹⁰⁾⁽¹²⁾	Drug Discovery & Development	Warrant	Preferred Series A	185,873	218	313
Subtotal: Drug Discovery & Development (0.85%)*					4,746	5,509
Electronics & Computer Hardware						
Clustrix, Inc.	Electronics & Computer Hardware	Warrant	Common Stock	50,000	12	16
Identive Group, Inc. ⁽³⁾	Electronics & Computer Hardware	Warrant	Common Stock	992,084	247	136
Plures Technologies, Inc. ⁽³⁾	Electronics & Computer Hardware	Warrant	Preferred Series A	552,467	124	100
Subtotal: Electronics & Computer Hardware (0.04%)*					383	252
Healthcare Services, Other						
MDEverywhere, Inc.	Healthcare Services, Other	Warrant	Common Stock	129	94	55
Subtotal: Healthcare Services, Other (0.01%)*					94	55
Information Services						
Buzznet, Inc.	Information Services	Warrant	Preferred Series B	19,962	9	—
Cha Cha Search, Inc.	Information Services	Warrant	Preferred Series G	48,232	57	10
InXpo, Inc.	Information Services	Warrant	Preferred Series C	648,400	98	45
	Information Services	Warrant	Preferred Series C-1	582,015	49	40
Total InXpo, Inc.				1,230,415	147	85
Jab Wireless, Inc.	Information Services	Warrant	Preferred Series A	266,567	265	330
RichRelevance, Inc.	Information Services	Warrant	Preferred Series E	112,612	98	—

Subtotal: Information Services (0.07%)*	576	425
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See notes to consolidated financial statements.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2013

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Internet Consumer & Business Services						
Blurb, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series B	218,684	\$99	\$169
	Internet Consumer & Business Services	Warrant	Preferred Series C	234,280	636	248
Total Blurb, Inc.				452,964	935	417
CashStar, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series C-2	454,545	102	47
Gazelle, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series D	151,827	165	62
Invoke Solutions, Inc.	Internet Consumer & Business Services	Warrant	Common Stock	53,084	39	—
Just Fabulous, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series B	137,456	589	1,057
Prism Education Group, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series B	200,000	43	
Progress Financial	Internet Consumer & Business Services	Warrant	Preferred Series G	174,562	78	76
Reply! Inc.	Internet Consumer & Business Services	Warrant	Preferred Series B	137,225	320	93
ShareThis, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series C	493,502	546	241
Tectura Corporation	Internet Consumer & Business Services	Warrant	Preferred Series B-1	253,378	51	—
WaveMarket, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series B-1	1,083,779	105	85
Subtotal: Internet Consumer & Business Services (0.32%)*					2,973	2,078
Media/Content/Info						
Everyday Health, Inc. (pka Waterfront Media, Inc.)	Media/Content/Info	Warrant	Preferred Series C	110,018	60	50
Glam Media, Inc.	Media/Content/Info	Warrant	Preferred Series D	407,457	482	—
Zoom Media Group, Inc.	Media/Content/Info	Warrant	Preferred Series A	1,204	348	275
Subtotal: Media/Content/Info (0.05%)*					890	325

Medical Devices & Equipment						
Baxano Surgical, Inc. ⁽³⁾	Medical Devices & Equipment	Warrant	Common Stock	882,353	439	344
Gelesis, Inc. ⁽⁶⁾	Medical Devices & Equipment	Warrant	LLC Interest	263,688	78	7
Home Dialysis Plus, Inc.	Medical Devices & Equipment	Warrant	Preferred Series A	300,000	245	297
InspireMD, Inc. ⁽³⁾⁽⁵⁾⁽¹⁰⁾	Medical Devices & Equipment	Warrant	Common Stock	168,351	242	167
Medrobotics Corporation	Medical Devices & Equipment	Warrant	Preferred Series D	424,008	343	184
	Medical Devices & Equipment	Warrant	Preferred Series E	34,199	27	23
Total Medrobotics Corporation				458,207	370	207
MELA Sciences, Inc. ⁽³⁾	Medical Devices & Equipment	Warrant	Common Stock	693,202	401	94
NetBio, Inc.	Medical Devices & Equipment	Warrant	Common Stock	2,568	408	398
NinePoint Medical, Inc.	Medical Devices & Equipment	Warrant	Preferred Series A-1	587,840	170	288
Novasys Medical, Inc.	Medical Devices & Equipment	Warrant	Common Stock	109,449	2	—
	Medical Devices & Equipment	Warrant	Preferred Series D	526,840	125	—
	Medical Devices & Equipment	Warrant	Preferred Series D-1	53,607	6	—
Total Novasys Medical, Inc.				689,896	133	—
Optiscan Biomedical, Corp. ⁽⁶⁾	Medical Devices & Equipment	Warrant	Preferred Series D	10,535,275	1,252	232
Oraya Therapeutics, Inc.	Medical Devices & Equipment	Warrant	Common Stock	95,498	66	23
	Medical Devices & Equipment	Warrant	Preferred Series C	716,948	677	134
Total Oraya Therapeutics, Inc.				812,446	743	157
SonaCare Medical, LLC (pka US HIFU, LLC)	Medical Devices & Equipment	Warrant	Preferred Series A	409,704	188	201
United Orthopedic Group, Inc.	Medical Devices & Equipment	Warrant	Preferred Series A	423,076	608	785
ViewRay, Inc.	Medical Devices & Equipment	Warrant	Preferred Series C	312,500	333	331
Subtotal: Medical Devices & Equipment (0.54%)*					5,610	3,508
Semiconductors						
Achronix Semiconductor Corporation	Semiconductors	Warrant	Preferred Series C	360,000	160	194
SiTime Corporation	Semiconductors	Warrant	Preferred Series G	195,683	24	12
Subtotal: Semiconductors (0.03%)*					184	206

See notes to consolidated financial statements.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2013

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Software						
Atrenta, Inc.	Software	Warrant	Preferred Series D	392,670	\$ 121	\$ 330
Box, Inc.	Software	Warrant	Preferred Series B	271,070	72	4,701
	Software	Warrant	Preferred Series C	199,219	117	3,331
	Software	Warrant	Preferred Series D-1	62,255	194	625
Total Box, Inc.				532,544	383	8,657
Braxton Technologies, LLC	Software	Warrant	Preferred Series A	168,750	187	—
Central Desktop, Inc.	Software	Warrant	Preferred Series B	522,769	108	187
Clickfox, Inc.	Software	Warrant	Preferred Series B	1,038,563	330	495
	Software	Warrant	Preferred Series C	592,019	730	363
Total Clickfox, Inc.				1,630,582	1,060	858
Daegis Inc. (pka Unify Corporation) ⁽³⁾	Software	Warrant	Common Stock	718,860	1,433	83
ForeScout Technologies, Inc.	Software	Warrant	Preferred Series E	80,587	41	82
Hillcrest Laboratories, Inc.	Software	Warrant	Preferred Series E	1,865,650	55	139
Mobile Posse, Inc.	Software	Warrant	Preferred Series C	396,430	130	129
Neos Geosolutions, Inc.	Software	Warrant	Preferred Series 3	221,150	22	—
Sonian, Inc.	Software	Warrant	Preferred Series C	185,949	106	105
SugarSync, Inc.	Software	Warrant	Preferred Series CC	332,726	78	48
	Software	Warrant	Preferred Series DD	107,526	34	16
Total Sugarsync, Inc.				440,252	112	64
Touchcommerce, Inc.	Software	Warrant		992,595	251	248

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			Preferred Series E			
White Sky, Inc.	Software	Warrant	Preferred Series B-2	124,295	54	4
WildTangent, Inc.	Software	Warrant	Preferred Series 3	100,000	238	123
Subtotal: Software (1.69%)*					4,301	11,009
Specialty Pharmaceuticals						
QuatRx Pharmaceuticals Company	Specialty Pharmaceuticals	Warrant	Preferred Series E	155,324	307	—
Subtotal: Specialty Pharmaceuticals (0.00%)*					307	—
Surgical Devices						
Gynesonics, Inc.	Surgical Devices	Warrant	Preferred Series C	180,480	74	27
	Surgical Devices	Warrant	Preferred Series D	1,575,965	320	383
Total Gynesonics, Inc.				1,756,445	394	410
Transmedics, Inc.	Surgical Devices	Warrant	Preferred Series B	40,436	225	9
	Surgical Devices	Warrant	Preferred Series D	175,000	100	335
Total Transmedics, Inc.				215,436	325	344
Subtotal: Surgical Devices (0.12%)*					719	754
Total Warrants (5.48%)*					33,606	35,637
Total Investments (140.04%)*					\$906,297	\$910,295

* Value as a percent of net assets

- (1) Preferred and common stock, warrants, and equity interests are generally non-income producing.
- (2) Gross unrealized appreciation, gross unrealized depreciation, and net depreciation for federal income tax purposes totaled \$48.8 million, \$44.5 million and \$4.3 million respectively. The tax cost of investments is \$906.2 million
- (3) Except for warrants in twenty-five publicly traded companies and common stock in nine publicly traded companies, all investments are restricted at December 31, 2013 and were valued at fair value as determined in good faith by the Valuation Committee of the Board of Directors. No unrestricted securities of the same issuer are outstanding. The Company uses the Standard Industrial Code for classifying the industry grouping of its portfolio companies.
- (4) Debt investments of this portfolio company have been pledged as collateral under the Wells Facility.
- (5) Non-U.S. company or the company's principal place of business is outside the United States.
- (6) Affiliate investment that is defined under the Investment Company Act of 1940 as companies in which HTGC owns at least 5% but not more than 25% of the voting securities of the company.
- (7) Control investment that is defined under the Investment Company Act of 1940 as companies in which HTGC owns at least 25% of the voting securities of the company or has greater than 50% representation on its board.
- (8) Debt is on non-accrual status at December 31, 2013, and is therefore considered non-income producing.
- (9) Convertible Senior Debt
- (10) Indicates assets that the Company deems not "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.
- (11) Denotes that all or a portion of the debt investment secures the notes offered in the Debt Securitization (as defined in Note 4).
- (12)

Subsequent to December 31, 2013, this company completed an initial public offering. Note that the December 31, 2013 fair value does not reflect any potential impact of the conversion of our preferred shares to common shares which may include reverse split associated with the offering.

(13) In our quarterly and annual reports filed with the Commission prior to the Annual Report on Form 10-K for the year ended December 31, 2013, we referred to this industry sector as “Clean Tech.”

See notes to consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1. Description of Business and Basis of Presentation

Hercules Technology Growth Capital, Inc. (the “Company”) is a specialty finance company focused on providing senior secured loans to venture capital-backed companies in technology-related markets, including technology, biotechnology, life science, and energy and renewables technology industries at all stages of development. The Company sources its investments through its principal office located in Palo Alto, CA, as well as through its additional offices in Boston, MA, New York, NY and McLean, VA. The Company was incorporated under the General Corporation Law of the State of Maryland in December 2003.

The Company is an internally managed, non-diversified closed-end investment company that has elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). From incorporation through December 31, 2005, the Company was taxed as a corporation under Subchapter C of the Internal Revenue Code of 1986, (the “Code”). Effective January 1, 2006, the Company elected to be treated for tax purposes as a regulated investment company, or RIC, under the Code (see Note 5). As an investment company, the Company follows accounting and reporting guidance in Accounting Standards Codification (“ASC”) 946.

Hercules Technology II, L.P. (“HT II”), Hercules Technology III, L.P. (“HT III”), and Hercules Technology IV, L.P. (“HT IV”), are Delaware limited partnerships that were formed in January 2005, September 2009 and December 2010, respectively. HT II and HT III were licensed to operate as small business investment companies (“SBICs”) under the authority of the Small Business Administration (“SBA”) on September 27, 2006 and May 26, 2010, respectively. As SBICs, HT II and HT III are subject to a variety of regulations concerning, among other things, the size and nature of the companies in which they may invest and the structure of those investments. HT IV was formed in anticipation of receiving an additional SBIC license; however, the Company has not yet applied for such license, and HT IV currently has no assets or liabilities. The Company also formed Hercules Technology SBIC Management, LLC, or (“HTM”), a limited liability company in November 2003. HTM is a wholly owned subsidiary of the Company and serves as the limited partner and general partner of HT II and HT III (see Note 4 to the Company’s consolidated financial statements).

HT II and HT III hold approximately \$142.8 million and \$305.0 million in assets, respectively, and they accounted for approximately 9.2% and 19.7% of our total assets, respectively, prior to consolidation at September 30, 2014.

The Company also established wholly owned subsidiaries, all of which are structured as Delaware corporations and limited liability companies, to hold portfolio companies organized as limited liability companies, or LLCs (or other forms of pass-through entities). By investing through these wholly owned subsidiaries, the Company is able to benefit from the tax treatment of these entities and create a tax structure that is more advantageous with respect to the Company’s RIC status.

The consolidated financial statements include the accounts of the Company, its subsidiaries and its consolidated securitization VIE. All inter-company accounts and transactions have been eliminated in consolidation. In accordance with Article 6 of Regulation S-X under the Securities Act of 1933 and the Securities and Exchange Act of 1934, the Company does not consolidate portfolio company investments. The accompanying consolidated interim financial statements are presented in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial information, and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X

under the Securities Act of 1933 and the Securities Exchange Act of 1934. Accordingly, certain disclosures accompanying annual consolidated financial statements prepared in accordance with U.S. GAAP are omitted. In the opinion of management, all adjustments consisting solely of normal recurring accruals considered necessary for the fair statement of consolidated financial statements for the interim periods have been included. The current period's results of operations are not necessarily indicative of results that ultimately may be achieved for the year. Therefore, the interim unaudited consolidated financial statements and notes should be read in conjunction with the audited consolidated financial statements and notes thereto for the period ended December 31, 2013. The year-end consolidated statement of assets and liabilities data was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the consolidated financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The Consolidated Financial Statements include the accounts of the Company and its subsidiaries and all VIEs of which the Company is the primary beneficiary. All intercompany accounts and transactions have been eliminated in consolidation.

A VIE is an entity that either (i) has insufficient equity to permit the entity to finance its activities without additional subordinated financial support or (ii) has equity investors who lack the characteristics of a controlling financial interest. The primary beneficiary of a VIE is the party with both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and the obligation to absorb the losses or the right to receive benefits that could potentially be significant to the VIE.

To assess whether the Company has the power to direct the activities of a VIE that most significantly impact its economic performance, the Company considers all the facts and circumstances including its role in establishing the VIE and its ongoing rights and responsibilities. This assessment includes identifying the activities that most significantly impact the VIE's economic performance and identifying which party, if any, has power over those activities. In general, the party that makes the most significant decisions affecting the VIE is determined to have the power to direct the activities of a VIE. To assess whether the Company has the obligation to absorb the losses or the right to receive benefits that could potentially be significant to the VIE, the Company considers all of its economic interests, including debt and equity interests, servicing rights and fee arrangements, and any other variable interests in the VIE. If the Company determines that it is the party with the power to make the most significant decisions affecting the VIE, and the Company has a potentially significant interest in the VIE, then it consolidates the VIE.

The Company performs ongoing reassessments, usually quarterly, of whether it is the primary beneficiary of a VIE. The reassessment process considers whether the Company has acquired or divested the power to direct the activities of the VIE through changes in governing documents or other circumstances. The Company also reconsiders whether entities previously determined not to be VIEs have become VIEs, based on certain events, and therefore are subject to the VIE consolidation framework.

As of the date of this report, the only VIE consolidated by the Company is its securitization VIE formed in conjunction with the issuance of the Asset-Backed Notes (See Note 4).

Valuation of Investments

At September 30, 2014, 83.3% of the Company's total assets represented investments in portfolio companies that are valued at fair value by the Board of Directors. Value, as defined in Section 2(a)(41) of the 1940 Act, is (i) the market price for those securities for which a market quotation is readily available and (ii) for all other securities and assets, fair value is as determined in good faith by the Board of Directors. The Company's investments are carried at fair value in accordance with the 1940 Act and Accounting Standards Codification topic 820 Fair Value Measurements and Disclosures ("ASC 820"). The Company's debt securities are primarily invested in venture capital-backed companies in technology-related markets, including technology, biotechnology, life science and energy and renewables technology industries. Given the nature of lending to these types of businesses, substantially all of the Company's investments in these portfolio companies are considered Level 3 assets under ASC 820 because there is no known or accessible market or market indexes for these investment securities to be traded or exchanged. As such, the Company values substantially all of its investments at fair value as determined in good faith pursuant to a consistent valuation policy and the Company's Board of Directors in accordance with the provisions of ASC 820 and the 1940 Act. Due to the inherent uncertainty in determining the fair value of investments that do not have a readily available market value, the

fair value of the Company's investments determined in good faith by its Board of Directors may differ significantly from the value that would have been used had a readily available market existed for such investments, and the differences could be material.

The Company may from time to time engage an independent valuation firm to provide the Company with valuation assistance with respect to certain portfolio investments on a quarterly basis. The Company intends to continue to engage an independent valuation firm to provide management with assistance regarding the Company's determination of the fair value of selected portfolio investments each quarter unless directed by the Board of Directors to cancel such valuation services. The scope of services rendered by an independent valuation firm is at the discretion of the Board of Directors. The Company's Board of Directors is ultimately and solely responsible for determining the fair value of the Company's investments in good faith.

With respect to investments for which market quotations are not readily available or when such market quotations are deemed not to represent fair value, the Company's Board of Directors has approved a multi-step valuation process each quarter, as described below:

- (1) the Company's quarterly valuation process begins with each portfolio company being initially valued by the investment professionals responsible for the portfolio investment;
- (2) preliminary valuation conclusions are then documented and business based assumptions are discussed with the Company's investment committee;

(3) the Audit Committee of the Board of Directors reviews the preliminary valuation of the investments in the portfolio as provided by the investment committee, which incorporates the results of the independent valuation firm as appropriate;

(4) the Board of Directors, upon the recommendation of the Audit Committee, discusses valuations and determines the fair value of each investment in our portfolio in good faith based on the input of, where applicable, the respective independent valuation firm and the investment committee.

ASC 820 establishes a framework for measuring the fair value of assets and liabilities and outlines a fair value hierarchy which prioritizes the inputs used to measure fair value and the effect of fair value measures on earnings. ASC 820 also requires disclosure for fair value measurements based on the level within the hierarchy of the information used in the valuation. ASC 820 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value. ASC 820 defines fair value 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.

The Company has categorized all investments recorded at fair value in accordance with ASC 820 based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels, defined by ASC 820 and directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities, are as follows:

Level 1—Inputs are unadjusted, quoted prices in active markets for identical assets at the measurement date. The types of assets carried at Level 1 fair value generally are equities listed in active markets.

Level 2—Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset in connection with market data at the measurement date and for the extent of the instrument’s anticipated life. Fair valued assets that are generally included in this category are warrants held in a public company.

Level 3—Inputs reflect management’s best estimate of what market participants would use in pricing the asset at the measurement date. It includes prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. Generally, assets carried at fair value and included in this category are the debt investments and warrants and equities held in a private company.

In accordance with ASU 2011-04, the following tables provide quantitative information about the Company’s Level 3 fair value measurements of the Company’s investments as of September 30, 2014 (unaudited) and December 31, 2013. In addition to the techniques and inputs noted in the tables below, according to the Company’s valuation policy, the Company may also use other valuation techniques and methodologies when determining the Company’s fair value measurements. The table below is not intended to be all-inclusive, but rather provides information on the significant Level 3 inputs as they relate to the Company’s fair value measurements.

Investment Type - Level Three	Fair Value at September 30, 2014 Valuation	Techniques/Methodologies	Unobservable Input (a)	Range	Weighted Average (b)
Debt Investments	(in thousands) \$82,606		Origination Yield		12.58%

(a) The significant unobservable inputs used in the fair value measurement of the Company's debt securities are hypothetical market yields and premiums/(discounts). The hypothetical market yield is defined as the exit price of an investment in a hypothetical market to hypothetical market participants where buyers and sellers are willing participants. The premiums (discounts) relate to company specific characteristics such as underlying investment performance, security liens, and other characteristics of the investment. Significant increases (decreases) in the inputs in isolation would result in a significantly lower (higher) fair value measurement, depending on the materiality of the investment. Debt investments in the industries noted in the Company's Consolidated Schedule of Investments are included in the industries note above as follows:

Pharmaceuticals, above, is comprised of debt investments in the Therapeutic, Specialty Pharmaceuticals, Drug Discovery and Development, Drug Delivery, and Diagnostics and Biotechnology industries in the Schedule of Investments.

Medical Devices, above, is comprised of debt investments in the Therapeutic, Surgical Devices, Medical Devices and Equipment and Biotechnology Tools industries in the Schedule of Investments.

Technology, above, is comprised of debt investments in the Software, Semiconductors, Internet Consumer and Business Services, Information Services, and Communications and Networking industries in the Schedule of Investments.

Lower Middle Market, above, is comprised of debt investments in the Communications and Networking, Electronics and Computer Hardware, Healthcare Services - Other, Information Services, Internet Consumer and Business Services, Media/Content/Info, and Specialty Pharmaceuticals industries in the Schedule of Investments.

Energy Technology, above, aligns with the Energy Technology Industry in the Schedule of Investments.

(b) Weighted averages are calculated based on the fair market value of each investment.

(c) The significant unobservable inputs used in the fair value measurement of impaired debt securities is the probability weighting of alternative outcomes.

Investment Type – Level	Fair Value at December 31, 2013	Techniques/Methodologies	Unobservable Input (a)	Range	Weighted Average (c)
Three Debt Investments	25,811	Originated Within 6 Months	Origination Yield	12.56% -	13.36%
				14.53%	
	250,607	Market Comparable Companies	Hypothetical Market Yield	13.83% -	
			Premium/(Discount)	(1.00%) - 0.00%	
Medical Devices	46,900	Originated Within 6 Months	Origination Yield	13.54% -	14.87%
				34,723	

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14.32% -
17.37%
(1.00%) -
1.00%

Premium/(Discount)

Technology	18,796	Originated Within 6 Months	Origination Yield	10.62% -		
		Market Comparable Companies	Hypothetical Market Yield	15.97% -	14.26%	
	98,290			14.72% -		
				21.08% -	15.48%	
			Premium/(Discount)	0.00% -		
				1.00%		
	1,643	Liquidation	Probability weighting of alternative outcomes	30.00% -		
				70.00%		
Energy Technology	32,597	Originated Within 6 Months	Origination Yield	14.68% -		
		Market Comparable Companies	Hypothetical Market Yield	15.87% -	15.17%	
	108,238			15.37% -	15.37%	
			Premium/(Discount)	(0.50%) -		
				1.50%		
Lower Middle Market	121,347	Market Comparable Companies	Hypothetical Market Yield	14.83% -		
				19.73% -	16.12%	
				Premium/(Discount)	0.00% -	
					1.00%	
		31,818	Broker Quote ^(b)	Price Quotes	99.50% -	
				100.25%		
				of par		
			Par Value	\$2.0 -		
				\$22.5		
				million		
	12,576	Liquidation	Probability weighting of alternative outcomes	20.00% -		
				80.00%		

Debt Investments Where Fair Value Approximates Amortized Cost

15,906	Imminent Payoffs
22,236	Debt Investments Maturing in Less than One Year
500	Convertible Debt at Par
\$821,988	Total Level Three Debt Investments

(a) The significant unobservable inputs used in the fair value measurement of the Company's securities are hypothetical market yields and premiums/(discounts). The hypothetical market yield is defined as the exit price of an investment in a hypothetical market to hypothetical market participants where buyers and sellers are willing participants. The premiums (discounts) relate to company specific characteristics such as underlying investment performance, security liens, and other characteristics of the investment. Significant increases (decreases) in the inputs in isolation would result in a significantly lower (higher) fair value measurement, depending on the materiality of the investment. Debt investments in the industries noted in the Company's Consolidated Schedule of Investments are included in the industries note above as follows:

Pharmaceuticals, above, is comprised of debt investments in the Therapeutic, Specialty Pharmaceuticals, Drug Discovery and Development, Drug Delivery, and Diagnostics and Biotechnology industries in the Schedule of Investments.

Medical Devices, above, is comprised of debt investments in the Therapeutic, Surgical Devices, Medical Devices and Equipment and Biotechnology Tools industries in the Schedule of Investments.

Technology, above, is comprised of debt investments in the Software, Semiconductors, Internet Consumer and Business Services, Information Services, and Communications and Networking industries in the Schedule of Investments.

Lower Middle Market, above, is comprised of debt investments in the Communications and Networking, Electronics and Computer Hardware, Healthcare Services - Other, Information Services, Internet Consumer and Business Services, Media/Content/Info, and Specialty Pharmaceuticals industries in the Schedule of Investments.

Energy Technology, above, aligns with the Energy Technology Industry in the Schedule of Investments. In our quarterly and annual reports filed with the Commission prior to the 2013 Annual Report on Form 10-K, we referred to the Energy Technology Industry as “Clean Tech” and we referred to these investments as “Clean Tech” in the Schedule of Investments included in such reports.

(b) A broker quote valuation technique was used to derive the fair value of debt investments which are part of a syndicated facility.

(c) Weighted averages are calculated based on the fair market value of each investment.

Investment Type - Level Three	Fair Value at	Valuation Techniques/			Weighted Average (e)
	September 30, 2014	Methodologies	Unobservable Input (a)	Range	
Equity and Warrant Investments	(in thousands)	Market Comparable Companies	EBITDA Multiple (b)	4.6x - 22.8x	8.9x
Equity Investments	\$ 9,434		Revenue Multiple (b)	0.8x - 3.7x	2.2x
			Discount for Lack of Marketability (c)	9.24% - 35.82%	16.55%
			Average Industry Volatility (d)	54.11% - 97.91%	61.99%
			Risk-Free Interest Rate	0.10% - 0.89%	0.15%
			Estimated Time to Exit (in months)	10 - 32	11
	42,307	Market Adjusted OPM Backsolve	Average Industry Volatility (d)	34.93% - 84.30%	55.96%
			Risk-Free Interest Rate	0.10% - 1.38%	0.21%
			Estimated Time to Exit (in months)	17 - 47	11
Warrant Investments	7,980	Market Comparable Companies	EBITDA Multiple (b)	0.0x - 96.6x	17.1x
			Revenue Multiple (b)	0.3x - 13.9x	3.7x
			Discount for Lack of Marketability (c)	11.76% - 35.82%	21.98%
			Average Industry Volatility (d)	38.61% - 90.38%	62.85%
			Risk-Free Interest Rate	0.05% - 1.38%	0.71%
			Estimated Time to Exit (in months)	7 - 47	27
	9,783	Market Adjusted OPM Backsolve	Average Industry Volatility (d)	29.91% - 97.91%	67.12%
			Risk-Free Interest Rate	0.05% - 2.66%	0.82%
			Estimated Time to Exit (in months)	7 - 48	28
Total Level Three Warrant and Equity Investments	\$ 69,504				

- (a) The significant unobservable inputs used in the fair value measurement of the Company's warrant and equity-related securities are revenue and/or EBITDA multiples and discounts for lack of marketability. Additional inputs used in the Black Scholes option pricing model include industry volatility, risk free interest rate and estimated time to exit. Significant increases (decreases) in the inputs in isolation would result in a significantly higher (lower) fair value measurement, depending on the materiality of the investment. For some investments, additional consideration may be given to data from the last round of financing or merger/acquisition events near the measurement date.
- (b) Represents amounts used when the Company has determined that market participants would use such multiples when pricing the investments.
- (c) Represents amounts used when the Company has determined market participants would take into account these discounts when pricing the investments.
- (d) Represents the range of industry volatility used by market participants when pricing the investment.
- (e) Weighted averages are calculated based on the fair market value of each investment.

Investment Type - Level Three	Fair Value at		Valuation Techniques/	Range
	December 31, 2013			
	(in thousands)	Methodologies	Unobservable Input ^(a)	
Equity and Warrant Investments		Market Comparable Companies	EBITDA Multiple ^(b)	8.6x - 17.7x
Equity Investments	\$ 10,244		Revenue Multiple ^(b)	0.7x - 13.8x
			Discount for Lack of Marketability ^(c)	9.1% - 23.6%
			Average Industry Volatility ^(d)	43.4% - 110.7%
			Risk-Free Interest Rate	0.1% - 0.4%
			Estimated Time to Exit (in months)	6 - 30
	9,289	Market Adjusted OPM Backsolve	Average Industry Volatility ^(d)	45.6% - 109.7%
			Risk-Free Interest Rate	0.1% - 0.9%
			Estimated Time to Exit (in months)	6 - 42
	18,127	Other	Average Industry Volatility ^(d)	44.0%
			Risk-Free Interest Rate	0.1%
			Estimated Time to Exit (in months)	12
Warrant Investments	10,200	Market Comparable Companies	EBITDA Multiple ^(b)	5.0x - 51.4x
			Revenue Multiple ^(b)	0.5x - 13.8x
			Discount for Lack of Marketability ^(c)	6.4% - 36.0%
			Average Industry Volatility ^(d)	21.3% - 110.7%
			Risk-Free Interest Rate	0.1% - 1.0%

			Estimated Time to Exit (in months)	6 - 48
	8,913	Market Adjusted OPM Backsolve	Average Industry Volatility (d)	35.7% - 109.9%
			Risk-Free Interest Rate	0.1% - 2.7%
			Estimated Time to Exit (in months)	3 - 48
	9,595	Other	Average Industry Volatility (d)	44.0% - 56.9%
			Risk-Free Interest Rate	0.1% - 1.0%
			Estimated Time to Exit (in months)	12 - 48
Total Level Three Warrant and Equity Investments				
	\$ 66,368			

- (a) The significant unobservable inputs used in the fair value measurement of the Company's warrant and equity-related securities are revenue and/or EBITDA multiples and discounts for lack of marketability. Additional inputs used in the Black Scholes option pricing model include industry volatility, risk free interest rate and estimated time to exit. Significant increases (decreases) in the inputs in isolation would result in a significantly higher (lower) fair value measurement, depending on the materiality of the investment. For some investments, additional consideration may be given to data from the last round of financing or merger/acquisition events near the measurement date.
- (b) Represents amounts used when the Company has determined that market participants would use such multiples when pricing the investments.
- (c) Represents amounts used when the Company has determined market participants would take into account these discounts when pricing the investments.
- (d) Represents the range of average industry volatility used by market participants when pricing the investment.

Debt Investments

The Company follows the guidance set forth in ASC 820 which establishes a framework for measuring the fair value of assets and liabilities and outlines a fair value hierarchy which prioritizes the inputs used to measure fair value and the effect of fair value measures on earnings. The Company's debt securities are primarily invested in venture capital-backed companies in technology- related markets, including technology, biotechnology, life science and energy and renewables technology industries. Given the nature of lending to these types of businesses, the Company's investments in these portfolio companies are considered Level 3 assets under ASC 820 because there is no known or accessible market or market indexes for debt instruments for these investment securities to be traded or exchanged.

In making a good faith determination of the value of our investments, the Company generally starts with the cost basis of the investment, which includes the value attributed to the OID, if any, and PIK interest or other receivables which have been accrued to principal as earned. The Company then applies the valuation methods as set forth below.

The Company applies a procedure that assumes a sale of investment in a hypothetical market to a hypothetical market participant where buyers and sellers are willing participants. The hypothetical market does not include scenarios where the underlying security was simply repaid or extinguished, but includes an exit concept. The Company determines the yield at inception for each debt investment. The Company then uses senior secured, leveraged loan yields provided by third party providers to determine the change in market yields between inception of the debt security and the measurement date. Industry specific indices are used to benchmark/assess market based movements. Under this process, the Company also evaluates the collateral for recoverability of the debt investments as well as applies all of its historical fair value analysis.

The Company considers each portfolio company's credit rating, security liens and other characteristics of the investment to adjust the baseline yield to derive a credit adjusted hypothetical yield for each investment as of the measurement date. The anticipated future cash flows from each investment are then discounted at the hypothetical yield to estimate each investment's fair value as of the measurement date.

The Company's process includes, among other things, the underlying investment performance, the current portfolio company's financial condition and market changing events that impact valuation, estimated remaining life, current market yields and interest rate spreads of similar securities as of the measurement date. The Company values its syndicated debt investments using broker quotes and bond indices amongst other factors. If there is a significant deterioration of the credit quality of a debt investment, the Company may consider other factors to estimate fair value, including the proceeds that would be received in a liquidation analysis.

The Company records unrealized depreciation on investments when it believes that an investment has decreased in value, including where collection of a debt investment is doubtful or, if under the in-exchange premise, when the value of a debt security is less than the amortized cost of the investment. Conversely, where appropriate, the Company records unrealized appreciation if it believes that the underlying portfolio company has appreciated in value and, therefore, that its investment has also appreciated in value or, if under the in-exchange premise, the value of a debt security is greater than amortized cost.

When originating a debt instrument, the Company generally receives warrants or other equity-related securities from the borrower. The Company determines the cost basis of the warrants or other equity-related securities received based upon their respective fair values on the date of receipt in proportion to the total fair value of the debt investment and warrants or other equity-related securities received. Any resulting discount on the debt investment from recordation of the warrant or other equity instruments is accreted into interest income over the life of the loan.

Equity-Related Securities and Warrants

Securities that are traded in the over-the-counter markets or on a stock exchange will be valued at the prevailing bid price at period end. The Company has a limited number of equity securities in public companies. In accordance with the 1940 Act, unrestricted publicly traded securities for which market quotations are readily available are valued at the closing market quote on the measurement date.

The Company estimates the fair value of warrants using a Black Scholes pricing model. At each reporting date, privately held warrant and equity-related securities are valued based on an analysis of various factors including, but not limited to, the portfolio company's operating performance and financial condition and general market conditions, price to enterprise value or price to equity ratios, discounted cash flow, valuation comparisons to comparable public companies or other industry benchmarks. When an external event occurs, such as a purchase transaction, public offering, or subsequent equity sale, the pricing indicated by that external event is utilized to corroborate the Company's valuation of the warrant and equity-related securities. The Company periodically reviews the valuation of its portfolio companies that have not been involved in a qualifying external event to determine if the enterprise value of the portfolio company may have increased or decreased since the last valuation measurement date.

Investments measured at fair value on a recurring basis are categorized in the tables below based upon the lowest level of significant input to the valuations as of September 30, 2014 (unaudited) and as of December 31, 2013. The Company transfers investments in and out of Level 1, 2 and 3 securities as of the beginning balance sheet date, based on changes in the use of observable and unobservable inputs utilized to perform the valuation for the period. During the nine months ended September 30, 2014, there were no transfers between Levels 1 or 2.

(in thousands)	Balance	Quoted Prices In		
		Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Description	September 30, 2014			
Senior secured debt	\$ 907,923	\$ —	\$ —	\$ 907,923
Preferred stock	50,476	—	—	50,476
Common stock	18,113	16,848	—	1,265
Warrants	22,401	—	4,638	17,763
	\$ 998,913	\$ 16,848	\$ 4,638	\$ 977,427

(in thousands)	Balance	Quoted Prices In		
		Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Description	December 31, 2013			
Senior secured debt	\$ 821,988	\$ —	\$ —	\$ 821,988
Preferred stock	35,554	—	—	35,554
Common stock	17,116	15,009	—	2,107
Warrants	35,637	—	6,930	28,707
	\$ 910,295	\$ 15,009	\$ 6,930	\$ 888,356

The table below presents reconciliation for all financial assets and liabilities measured at fair value on a recurring basis, excluding accrued interest components, using significant unobservable inputs (Level 3) for the nine months ended September 30, 2014 (unaudited) and year ended December 31, 2013.

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(in thousands)	Balance, January 1, 2014	Net Change in		Purchases	Sales	Repayments	Gross Transfers into Level 3 ⁽³⁾	Gross Transfers out of Level 3 ⁽³⁾	Balance, September 30, 2014
		Net Realized (Losses) ⁽¹⁾	Unrealized Appreciation (Depreciation) ⁽²⁾						
Senior Debt	\$821,988	\$—	\$ (7,799)	\$412,757	\$—	\$(317,536)	\$—	\$(1,487)	\$907,923
Preferred Stock	35,554	(250)	10,358	5,028	(503)	—	1,769	(1,480)	50,476
Common Stock	2,107	689	(342)	—	(1,189)	—	—	—	1,265
Warrants	28,707	517	(13,998)	6,168	(1,682)	—	—	(1,949)	17,763
	\$888,356	\$ 956	\$ (11,781)	\$423,953	\$(3,374)	\$(317,536)	\$ 1,769	\$(4,916)	\$977,427

(in thousands)	Balance, January 1, 2013	Net Change in		Purchases	Sales	Repayments	Gross Transfers into Level 3 ⁽⁴⁾	Gross Transfers out of Level 3 ⁽⁴⁾	Balance, December 31, 2013
		Net Realized Gains (Losses) ⁽¹⁾	Unrealized Appreciation (Depreciation) ⁽²⁾						
Senior Debt	\$827,540	\$(9,536)	\$ (8,208)	\$484,367	\$(8)	\$(469,780)	\$ 769	\$(3,156)	\$821,988
Preferred Stock	33,178	7,968	7,682	6,198	(18,572)	—	776	(1,676)	35,554
Common Stock	2,367	—	(1,103)	750	—	—	93	—	2,107
Warrants	22,140	5,257	6,173	6,524	(10,350)	—	—	(1,037)	28,707
	\$885,225	\$3,689	\$ 4,544	\$497,839	\$(28,930)	\$(469,780)	\$ 1,638	\$(5,869)	\$888,356

(1) Includes net realized gains (losses) recorded as realized gains or losses in the accompanying consolidated statements of operations.

(2) Included in change in net unrealized appreciation (depreciation) in the accompanying consolidated statements of operations.

(3) Transfers in/out of Level 3 during the nine months ended September 30, 2014 relate to the conversion of Paratek Pharmaceuticals, Inc., SCI Energy, Inc., Oraya Therapeutics, Inc., and Neuralstem, Inc. debt to equity, the exercise of warrants in Box, Inc. to equity, the conversion of warrants in Glori Energy, Inc. to equity in the company's reverse public merger and the initial public offerings of Concert Pharmaceuticals, Inc., Dicerna Pharmaceuticals, Inc., Everyday Health, Inc., Revance Therapeutics, Inc., and UniQure BV.

(4) Transfers in/out of Level 3 during the year ended December 31, 2013 relate to the conversion of Optiscan BioMedical, Inc., Gynesonics, Inc., Philotic, Inc., and Tethys BioScience, Inc. debt to equity, the conversion of OCZ Technology warrants to principal and the initial public offerings of Portola Pharmaceuticals, Inc., Acceleron Pharma, Inc., Bind, Inc., and ADMA Biologics, Inc.

For the nine months ended September 30, 2014, approximately \$9.8 million in net unrealized appreciation and approximately \$166,000 in net unrealized depreciation was recorded for preferred stock and common stock Level 3 investments, respectively, relating to assets still held at the reporting date. For the same period, approximately \$6.3 million and \$7.8 million in net unrealized depreciation was recorded for warrant and debt Level 3 investments, respectively, relating to assets still held at the reporting date.

For the year ended December 31, 2013, approximately \$4.4 million and \$4.1 million in net unrealized appreciation was recorded for preferred stock and warrant Level 3 investments, respectively, relating to assets still held at the reporting date. For the same period, approximately \$8.2 million and \$1.1 million in net unrealized depreciation was recorded for debt and common stock Level 3 investments, respectively, relating to assets still held at the reporting date.

As required by the 1940 Act, the Company classifies its investments by level of control. "Control investments" are defined in the 1940 Act as investments in those companies that the Company is deemed to "control". Generally, under the 1940 Act, the Company is deemed to "control" a company in which it has invested if it owns 25% or more of the voting securities of such company or has greater than 50% representation on its board. "Affiliate investments" are investments in those companies that are "affiliated companies" of the Company, as defined in the 1940 Act, which are not control investments. The Company is deemed to be an "affiliate" of a company in which it has invested if it owns 5% or more but less than 25% of the voting securities of such company. "Non-control/non-affiliate investments" are investments that are neither control investments nor affiliate investments.

The following table summarizes our realized and unrealized gain and loss and changes in our unrealized appreciation and depreciation on affiliate investments for the three and nine months ended September 30, 2014 and 2013 (unaudited). The Company did not hold any Control investments at either September 30, 2014 or 2013.

(in thousands)		Fair Value at September 30, 2014	Three Months Ended September 30, 2014				Nine Months Ended September 30, 2014				
			Net Change in Unrealized Investment (Depreciation)/Appreciation	Reversal of Unrealized Investment (Depreciation)/Appreciation	Realized Investment Income	Realized Gain/(Loss)	Net Change in Unrealized Investment (Depreciation)/Appreciation	Reversal of Unrealized Investment (Depreciation)/Appreciation	Realized Investment Income	Realized Gain/(Loss)	
Portfolio Company	Type										
Gelesis, Inc.	Affiliate	\$ 316	\$ —	\$ (36)	\$ —	\$ —	\$ —	\$ (156)	\$ —	\$ —	\$ —
Optiscan BioMedical, Corp.	Affiliate	6,029	—	(23)	—	—	—	(67)	—	—	—
Stion Corporation	Affiliate	2,500	138	606	—	—	1,777	(2,634)	—	—	—
		\$ 8,845	\$ 138	\$ 547	\$ —	\$ —	\$ 1,777	\$ (2,857)	\$ —	\$ —	\$ —

(in thousands)		Fair Value at September 30, 2013	Three Months Ended September 30, 2013				Nine Months Ended September 30, 2013				
			Net Change in Unrealized Investment (Depreciation)/Appreciation	Reversal of Unrealized Investment (Depreciation)/Appreciation	Realized Investment Income	Realized Gain/(Loss)	Net Change in Unrealized Investment (Depreciation)/Appreciation	Reversal of Unrealized Investment (Depreciation)/Appreciation	Realized Investment Income	Realized Gain/(Loss)	
Portfolio Company	Type										

		Appreciation							
Gelesis, Inc.	Affiliate	\$ 523	\$—	\$ (487)	\$ —	\$—	\$ (1,143)	\$ —	\$ —
Optiscan BioMedical, Corp.	Affiliate	12,374	566	(505)	—	—	1,693	(325)	—
		\$ 12,897	\$ 566	\$ (992)	\$ —	\$—	\$ (1,468)	\$ —	\$ —

During the year ended December 31, 2013, Stion Corporation became classified as an affiliate.

A summary of the composition of the Company's investment portfolio as of September 30, 2014 (unaudited) and December 31, 2013 at fair value is shown as follows:

	September 30, 2014		December 31, 2013		
	Investments at	Percentage of Total	Investments at	Percentage of Total	
(in thousands)	Fair Value Portfolio		Fair Value Portfolio		
Senior secured debt with warrants	\$ 648,298	64.9	% \$ 634,820	69.7	%
Senior secured debt	282,026	28.2	% 222,805	24.5	%
Preferred stock	50,476	5.1	% 35,554	3.9	%
Common Stock	18,113	1.8	% 17,116	1.9	%
	\$ 998,913	100.0	% \$ 910,295	100.0	%

The increase in senior secured debt is consistent with the overall increase in the investment portfolio at September 30, 2014 from December 31, 2013. The decrease in senior secured debt with warrants is primarily due to exercises of the Company's outstanding warrants to equity in four portfolio companies, with a cumulative fair value of approximately \$65.0 million, during the nine-months ended September 30, 2014. As a result, the existing debt investments that were included in senior secured debt with warrants at December 31, 2013 are included in senior secured debt at September 30, 2014.

A summary of the Company's investment portfolio, at value, by geographic location as of September 30, 2014 (unaudited) and December 31, 2013 is shown as follows:

	September 30, 2014		December 31, 2013		
	Investments		Investments		
	at		at		
	Percentage of Total		Percentage of Total		
(in thousands)	Fair Value	Portfolio	Fair Value	Portfolio	
United States	\$943,918	94.5	% \$864,003	94.9	%
Canada	25,336	2.5	% 25,798	2.8	%
Netherlands	19,905	2.0	% 10,131	1.1	%
Israel	9,754	1.0	% 9,863	1.1	%
England	—	—	500	0.1	%
	\$998,913	100.0	% \$910,295	100.0	%

The following table shows the fair value of the Company's portfolio by industry sector at September 30, 2014 (unaudited) and December 31, 2013:

	September 30, 2014		December 31, 2013		
	Investments		Investments		
	at		at		
	Percentage of Total		Percentage of Total		
(in thousands)	Fair Value	Portfolio	Fair Value	Portfolio	
Drug Discovery & Development	\$232,214	23.2	% \$219,169	24.1	%
Medical Devices & Equipment	139,154	13.9	% 103,614	11.4	%
Software	112,503	11.3	% 65,218	7.2	%
Internet Consumer & Business Services	106,128	10.6	% 122,073	13.4	%
Energy Technology	98,555	9.9	% 164,466	18.1	%
Drug Delivery	83,247	8.3	% 62,022	6.8	%
Specialty Pharmaceuticals	73,127	7.3	% 20,055	2.2	%
Communications & Networking	56,292	5.6	% 35,979	4.0	%
Media/Content/Info	29,361	2.9	% 8,679	1.0	%
Consumer & Business Products	25,309	2.5	% 2,995	0.3	%
Information Services	14,917	1.5	% 46,565	5.1	%
Surgical Devices	9,822	1.0	% 10,307	1.0	%
Healthcare Services, Other	7,666	0.8	% 4,685	0.5	%
Semiconductors	5,354	0.6	% 29,080	3.2	%
Biotechnology Tools	3,894	0.4	% 5,275	0.6	%
Diagnostic	775	0.1	% 902	0.1	%
Electronics & Computer Hardware	595	0.1	% 9,211	1.0	%
	\$998,913	100.0	% \$910,295	100.0	%

During the three and nine months ended September 30, 2014, the Company funded investments in debt securities totaling approximately \$125.1 million and \$408.3 million, respectively. During the three and nine months ended September 30, 2014, the Company funded equity investments totaling approximately \$3.5 million and \$5.1 million, respectively. During the three months ended September 30, 2014 the Company converted approximately \$250,000 of debt to equity in one portfolio company and during the nine months ended September 30, 2014 the Company converted approximately \$1.5 million of debt to equity in four portfolio companies.

During the three and nine months ended September 30, 2013, the Company funded investments in debt securities totaling approximately \$67.5 million and \$405.4 million, respectively. During the three and nine months ended September 30, 2013, the Company funded equity investments totaling approximately \$1.5 million and \$3.5 million, respectively. The Company did not convert any debt to equity in the three months ended September 30, 2013 and converted approximately \$836,000 of debt to equity in three portfolio companies in the nine months ended September 30, 2013. The Company converted approximately \$803,000 of warrants to debt in both the three and nine months ended September 30, 2013.

No single portfolio investment represents more than 10% of the fair value of the investments as of September 30, 2014 and December 31, 2013.

During the three and nine months ended September 30, 2014, the Company recognized net realized gains of approximately \$5.7 million (or \$0.09 per share) and \$13.0 million (or \$0.21 per share) on the portfolio, respectively. During the three months ended September 30, 2014, the Company recorded gross realized gains of approximately \$5.9 million primarily from the sale of investments in two portfolio companies, including Acceleron Pharma (\$3.1 million) and IPA Holdings (\$1.5 million). These gains were partially offset by gross realized losses of approximately \$218,000 from the liquidation of the Company's investments in two portfolio companies. During the nine months ended September 30, 2014, the Company recorded gross realized gains of approximately \$13.8 million primarily from the sale of investments in six portfolio companies, including Acceleron Pharma (\$4.0 million), Neuralstem (\$1.7 million), IPA Holdings (\$1.5 million), Cell Therapeutics (\$1.3 million), Trulia (\$1.0 million), and Portola Pharmaceuticals (\$700,000). These gains were partially offset by gross realized losses of approximately \$748,000 from the liquidation of the Company's investments in eight portfolio companies.

During the three and nine months ended September 30, 2013, the Company recognized net realized gains of approximately \$7.1 million and \$11.3 million on the portfolio, respectively. During the three months ended September 30, 2013, the Company recorded gross realized gains of approximately \$7.8 million primarily from the sale of investments in three portfolio companies, including iWatt, Inc. (\$4.7 million), AcelRx, Inc. (\$1.1 million) and Facebook, Inc. (\$728,000). These gains were partially offset by gross realized losses of \$460,000 from the liquidation of the Company's investments in six portfolio companies. During the nine months ended September 30, 2013, the Company recorded gross realized gains of approximately \$17.5 million primarily from the sale of investments in eight portfolio companies. These gains were partially offset by approximately \$6.2 million in gross realized losses from the liquidation of the Company's investments in nineteen portfolio companies.

Loan origination and commitment fees received in full at the inception of a loan are deferred and amortized into fee income as an enhancement to the related loan's yield over the contractual life of the loan. Loan exit fees to be paid at the termination of the loan are accreted into interest income over the contractual life of the loan. The Company had approximately \$3.9 million and \$4.0 million of unamortized fees at September 30, 2014 and December 31, 2013, respectively, and approximately \$21.4 million and \$14.4 million in exit fees receivable at September 30, 2014 and December 31, 2013, respectively.

The Company has debt investments in its portfolio that contain a payment-in-kind ("PIK") provision. The PIK interest, computed at the contractual rate specified in each loan agreement, is added to the principal balance of the loan and recorded as interest income. To maintain the Company's status as a RIC, this non-cash source of income must be paid out to stockholders in the form of dividends even though the Company has not yet collected the cash. Amounts necessary to pay these dividends may come from available cash or the liquidation of certain investments. The Company recorded approximately \$851,000 and \$889,000 in PIK income during the three months ended September 30, 2014 and 2013, respectively. The Company recorded approximately \$2.6 million and \$2.7 million in PIK income during the nine months ended September 30, 2014 and 2013, respectively.

In certain investment transactions, the Company may provide advisory services. For services that are separately identifiable and external evidence exists to substantiate fair value, income is recognized as earned, which is generally when the investment transaction closes. The Company had no income from advisory services in the three and nine months ended September 30, 2014 and 2013.

In the majority of cases, the Company collateralizes its investments by obtaining a first priority security interest in a portfolio company's assets, which may include its intellectual property. In other cases, the Company may obtain a negative pledge covering a company's intellectual property. At September 30, 2014, approximately 59.4% of the Company's portfolio company debt investments were secured by a first priority security in all of the assets of the portfolio company, including their intellectual property, and 40.6% of the debt investments were to portfolio companies that were prohibited from pledging or encumbering their intellectual property. At September 30, 2014 the

Company had no equipment only liens on any of our portfolio companies.

3. Fair Value of Financial Instruments

Fair value estimates are made at discrete points in time based on relevant information. These estimates may be subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. The Company believes that the carrying amounts of its financial instruments, consisting of cash and cash equivalents, receivables, accounts payable and accrued liabilities, approximate the fair values of such items due to the short maturity of such instruments. The Convertible Senior Notes, 2019 Notes payable (the “April 2019 Notes” and the “September 2019 Notes”, together the “2019 Notes”), the 2024 Notes, the Asset-Backed Notes and the SBA debentures as sources of liquidity remain a strategic advantage due to their flexible structure, long-term duration, and low fixed interest rates. At September 30, 2014, the April 2019 Notes were trading on the New York Stock Exchange for \$1.020 per dollar at par value, the September 2019 Notes were trading on the New York Stock Exchange for \$1.015 per dollar at par value and the 2024 Notes were trading on the New York Stock Exchange for \$0.988 per dollar at par value. Based on market quotations on September 30, 2014, the Convertible Senior Notes were trading for \$1.258 per dollar at par value and the Asset-Backed Notes were trading for \$1.003 per dollar at par value. Calculated based on the net present value of payments over the term of the notes using estimated market rates for similar notes and remaining terms, the fair value of the SBA debentures would be approximately \$195.8 million, compared to the carrying amount of \$190.2 million as of September 30, 2014.

See the accompanying Consolidated Schedule of Investments for the fair value of the Company's investments. The methodology for the determination of the fair value of the Company's investments is discussed in Note 2.

The liabilities of the Company below are recorded at amortized cost and not at fair value on the Consolidated Statement of Assets and Liabilities. The following table provides additional information about the level in the fair value hierarchy of the Company's liabilities at September 30, 2014 (unaudited) and December 31, 2013:

(in thousands)	September 30, 2014	Unobservable		
		Identical Assets (Level 1)	Observable Inputs (Level 2)	Inputs (Level 3)
Description				
Convertible Senior Notes	\$ 51,461	\$ —	\$ 51,461	\$ —
Asset Backed Notes	\$ 28,021	\$ —	\$ —	\$ 28,021
April 2019 Notes	\$ 86,180	\$ —	\$ 86,180	\$ —
September 2019 Notes	\$ 87,145	\$ —	\$ 87,145	\$ —
2024 Notes	\$ 101,805	\$ —	\$ 101,805	\$ —
SBA Debentures	\$ 195,841	\$ —	\$ —	\$ 195,841

(in thousands)	December 31, 2013	Unobservable		
		Identical Assets (Level 1)	Observable Inputs (Level 2)	Inputs (Level 3)
Description				
Convertible Senior Notes	\$ 105,206	\$ —	\$ 105,206	\$ —
Asset Backed Notes	\$ 89,893	\$ —	\$ —	\$ 89,893
April 2019 Notes	\$ 86,281	\$ —	\$ 86,281	\$ —
September 2019 Notes	\$ 87,248	\$ —	\$ 87,248	\$ —
SBA Debentures	\$ 222,742	\$ —	\$ —	\$ 222,742

4. Borrowings Long Term

Outstanding Borrowings

At September 30, 2014 (unaudited) and December 31, 2013, the Company had the following available borrowings and outstanding borrowings:

(in thousands)	September 30, 2014		December 31, 2013	
	Total Available	Carrying Value ⁽¹⁾	Total Available	Carrying Value ⁽¹⁾
SBA Debentures ⁽²⁾	\$ 190,200	\$ 190,200	\$ 225,000	\$ 225,000

2019 Notes	170,364	170,364	170,364	170,364
2024 Notes	103,000	103,000	—	—
Asset-Backed Notes	27,951	27,951	89,557	89,557
Convertible Senior Notes ⁽³⁾	40,923	40,012	75,000	72,519
Wells Facility	75,000	—	75,000	—
Union Bank Facility	75,000	—	30,000	—
	\$682,438	\$531,527	\$664,921	\$557,440

- (1) Except for the Convertible Senior Notes, all carrying values are the same as the principal amount outstanding.
- (2) In March 2014, the Company repaid \$34.8 million of SBA debentures under HT II, priced at approximately 6.38%, including annual fees. At September 30, 2014, the total available borrowings under the SBA debentures were \$190.2 million, of which \$41.2 million was available in HT II and \$149.0 million was available in HT III. At December 31, 2013, the total available borrowings under the SBA debentures were \$225.0 million, of which \$76.0 million was available in HT II and \$149.0 million was available in HT III.
- (3) During the three months ended September 30, 2014, holders of approximately \$34.1 million of the Company's Convertible Senior Notes exercised their conversion rights. The balance at September 30, 2014 represents the remaining aggregate principal amount outstanding of the Convertible Senior Notes less the unaccreted discount initially recorded upon issuance of the Convertible Senior Notes. The total unaccreted discount for the Convertible Senior Notes was approximately \$911,000 at September 30, 2014 and \$2.5 million at December 31, 2013.

Long-Term SBA Debentures

On September 27, 2006, HT II received a license to operate as a SBIC under the SBIC program and is able to borrow funds from the SBA against eligible investments and regulatory capital. Under the Small Business Investment Company Act and current SBA policy applicable to SBICs, a SBIC can have outstanding at any time SBA guaranteed debentures up to twice the amount of its regulatory capital. With the Company's net investment of \$38.0 million in HT II as of September 30, 2014, HT II has the capacity to issue a total of \$41.2 million of SBA guaranteed debentures, subject to SBA approval, of which \$41.2 million was available at September 30, 2014. As of September 30, 2014, HT II has paid the SBA commitment fees and facility fees of approximately \$1.5

million and \$3.6 million, respectively. As of September 30, 2014 the Company held investments in HT II in 42 companies with a fair value of approximately \$110.9 million, accounting for approximately 11.1% of the Company's total portfolio at September 30, 2014.

On May 26, 2010, HT III received a license to operate as a SBIC under the SBIC program and is able to borrow funds from the SBA against eligible investments and additional contributions to regulatory capital. With the Company's net investment of \$74.5 million in HT III as of September 30, 2014, HT III has the capacity to issue a total of \$149.0 million of SBA guaranteed debentures, of which \$149.0 million was outstanding as of September 30, 2014. As of September 30, 2014, HT III has paid commitment fees and facility fees of approximately \$1.5 million and \$3.6 million, respectively. As of September 30, 2014, the Company held investments in HT III in 42 companies with a fair value of approximately \$255.5 million accounting for approximately 25.6% of the Company's total portfolio at September 30, 2014.

SBICs are designed to stimulate the flow of private equity capital to eligible small businesses. Under present SBA regulations, eligible small businesses include businesses that have a tangible net worth not exceeding \$19.5 million and have average annual fully taxed net income not exceeding \$6.5 million for the two most recent fiscal years. In addition, SBICs must devote 25.0% of its investment activity to "smaller" enterprises as defined by the SBA. A smaller enterprise is one that has a tangible net worth not exceeding \$6.0 million and has average annual fully taxed net income not exceeding \$2.0 million for the two most recent fiscal years. SBA regulations also provide alternative size standard criteria to determine eligibility, which depend on the industry in which the business is engaged and are based on such factors as the number of employees and gross sales. According to SBA regulations, SBICs may make long-term loans to small businesses, invest in the equity securities of such businesses and provide them with consulting and advisory services. Through its wholly-owned subsidiaries HT II and HT III, the Company plans to provide long-term loans to qualifying small businesses, and in connection therewith, make equity investments.

HT II and HT III are periodically examined and audited by the SBA's staff to determine their compliance with SBA regulations. If HT II or HT III fails to comply with applicable SBA regulations, the SBA could, depending on the severity of the violation, limit or prohibit HT II's or HT III's use of debentures, declare outstanding debentures immediately due and payable, and/or limit HT II or HT III from making new investments. In addition, HT II or HT III may also be limited in their ability to make distributions to the Company if they do not have sufficient capital in accordance with SBA regulations. Such actions by the SBA would, in turn, negatively affect the Company because HT II and HT III are the Company's wholly owned subsidiaries. HT II and HT III were in compliance with the terms of the SBIC's leverage as of September 30, 2014 as a result of having sufficient capital as defined under the SBA regulations.

The rates of borrowings under various draws from the SBA beginning in March 2009 are set semiannually in March and September and range from 2.25% to 4.62%. Interest payments on SBA debentures are payable semiannually. There are no principal payments required on these issues prior to maturity and no prepayment penalties. Debentures under the SBA generally mature ten years after being borrowed. Based on the initial draw down date of March 2009, the initial maturity of SBA debentures will occur in March 2019. In addition, the SBA charges a fee that is set annually, depending on the Federal fiscal year the leverage commitment was delegated by the SBA, regardless of the date that the leverage was drawn by the SBIC. The annual fees related to HT II debentures that pooled on September 22, 2010 were 0.406% and 0.285%, depending upon the year in which the underlying commitment was closed. The annual fees on other debentures have been set at 0.906%. The annual fees related to HT III debentures that pooled on March 27, 2013 were 0.804%. The annual fees on other debentures have been set at 0.515%. The average amount of debentures outstanding for the three months ended September 30, 2014 for HT II was approximately \$41.2 million with an average interest rate of approximately 4.56%. The average amount of debentures outstanding for the three months ended September 30, 2014 for HT III was approximately \$149.0 million with an average interest rate of approximately 3.46%. The average amount of debentures outstanding for the nine months ended September 30, 2014

for HT II was approximately \$48.6 million with an average interest rate of approximately 4.80%. The average amount of debentures outstanding for the nine months ended September 30, 2014 for HT III was approximately \$149.0 million with an average interest rate of approximately 3.42%.

As of September 30, 2014, the maximum statutory limit on the dollar amount of combined outstanding SBA guaranteed debentures is \$225.0 million, subject to periodic adjustments by the SBA. In aggregate, at September 30, 2014, with the Company's net investment of \$112.5 million, HT II and HT III have the capacity to issue a total of \$190.2 million of SBA-guaranteed debentures, subject to SBA approval. In March 2014, the Company repaid \$34.8 million of SBA debentures under HT II, priced at approximately 6.38%, including annual fees. At September 30, 2014, the Company has issued \$190.2 million in SBA-guaranteed debentures in the Company's SBIC subsidiaries.

The Company reported the following SBA debentures outstanding as of September 30, 2014 (unaudited) and December 31, 2013:

(in thousands)

Issuance/Pooling Date	Maturity Date	Interest Rate ⁽¹⁾	Interest	
			September 30, 2014	December 31, 2013
SBA Debentures:				
March 26, 2008	March 1, 2018	6.38%	\$ —	\$ 34,800
March 25, 2009	March 1, 2019	5.53%	18,400	18,400
September 23, 2009	September 1, 2019	4.64%	3,400	3,400
September 22, 2010	September 1, 2020	3.62%	6,500	6,500
September 22, 2010	September 1, 2020	3.50%	22,900	22,900
March 29, 2011	March 1, 2021	4.37%	28,750	28,750
September 21, 2011	September 1, 2021	3.16%	25,000	25,000
March 21, 2012	March 1, 2022	3.28%	25,000	25,000
March 21, 2012	March 1, 2022	3.05%	11,250	11,250
September 19, 2012	September 1, 2022	3.05%	24,250	24,250
March 27, 2013	March 1, 2023	3.16%	24,750	24,750
Total SBA Debentures			\$ 190,200	\$ 225,000

(1) Interest rate includes annual charge
2019 Notes

On March 6, 2012, the Company and U.S. Bank National Association (the “Trustee”) entered into an indenture (the “Base Indenture”). On April 17, 2012, the Company and the Trustee entered into the First Supplemental Indenture to the Base Indenture (the “First Supplemental Indenture”), dated April 17, 2012, relating to the Company’s issuance, offer and sale of \$43.0 million aggregate principal amount of 7.00% senior notes due 2019 (the “April 2019 Notes”). The sale of the April 2019 Notes generated net proceeds, before expenses, of approximately \$41.7 million.

In July 2012, the Company reopened the Company’s April 2019 Notes and issued an additional \$41.5 million in aggregate principal amount of April 2019 Notes, which includes exercise of an over-allotment option, bringing the total amount of the April 2019 Notes issued to approximately \$84.5 million in aggregate principal amount.

On September 24, 2012, the Company and the Trustee, entered into the Second Supplemental Indenture to the Base Indenture (the “Second Supplemental Indenture”), dated as of September 24, 2012, relating to the Company’s issuance, offer and sale of \$75.0 million aggregate principal amount of 7.00% senior notes due 2019 (the “September 2019 Notes” and, together with the April 2019 Notes, the “2019 Notes”). The sale of the September 2019 Notes generated net proceeds, before expenses, of approximately \$72.75 million.

In October 2012, the underwriters exercised their over-allotment option for an additional \$10.9 million of the September 2019 Notes, bringing the total amount of the September 2019 Notes issued to approximately \$85.9 million in aggregate principal amount.

As of September 30, 2014 (unaudited) and December 31, 2013, the 2019 Notes payable is comprised of:

(in thousands)	September 30, 2014	December 31, 2013
April 2019 Notes	\$ 84,490	\$ 84,490
September 2019 Notes	85,874	85,874
Carrying Value of 2019 Notes	\$ 170,364	\$ 170,364

April 2019 Notes

The April 2019 Notes will mature on April 30, 2019 and may be redeemed in whole or in part at the Company's option at any time or from time to time on or after April 30, 2015, upon not less than 30 days nor more than 60 days written notice by mail prior to the date fixed for redemption thereof, at a redemption price of 100% of the outstanding principal amount thereof plus accrued and unpaid interest payments otherwise payable for the then-current quarterly interest period accrued to but not including the date fixed for redemption. The April 2019 Notes bear interest at a rate of 7.00% per year payable quarterly on January 30, April 30, July 30 and October 30 of each year, commencing on July 30, 2012, and trade on the New York Stock Exchange under the trading symbol "HTGZ."

The April 2019 Notes are the Company's direct unsecured obligations and rank: (i) pari passu with the Company's other outstanding and future senior unsecured indebtedness, including without limitation, the \$40.9 million in aggregate principal amount of the Convertible Senior Notes; (ii) senior to any of the Company's future indebtedness that expressly provides it is subordinated to the April 2019 Notes; (iii) effectively subordinated to all the Company's existing and future secured indebtedness (including indebtedness that is initially unsecured to which the Company subsequently grant security), to the extent of the value of the assets securing such indebtedness, including without limitation, borrowings under the Company's Credit Facilities; (iv) structurally subordinated to all existing and future indebtedness and other obligations of any of the Company's subsidiaries, including without limitation, the indebtedness of Hercules Technology II, L.P. and Hercules Technology III, L.P. and borrowings under the Company's revolving senior secured credit facility with Wells Fargo Capital Finance, LLC.

The Base Indenture, as supplemented by the First Supplemental Indenture, contains certain covenants including covenants requiring the Company's compliance with (regardless of whether it is subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act to comply with the restrictions on dividends, distributions and purchase of capital stock set forth in Section 18(a)(1)(B) as modified by Section 61(a)(1) of the 1940 Act and to provide financial information to the holders of the April 2019 Notes and the Trustee if the Company should no longer be subject to the reporting requirements under the Securities Exchange Act of 1934. These covenants are subject to important limitations and exceptions that are described in the Base Indenture, as supplemented by the First Supplemental Indenture. The Base Indenture provides for customary events of default and further provides that the Trustee or the holders of 25% in aggregate principal amount of the outstanding April 2019 Notes in a series may declare such April 2019 Notes immediately due and payable upon the occurrence of any event of default after expiration of any applicable grace period.

The April 2019 Notes were sold pursuant to an underwriting agreement dated April 11, 2012 among the Company and Stifel, Nicolaus & Company, Incorporated, as representative of the several underwriters named in the underwriting agreement.

September 2019 Notes

The September 2019 Notes will mature on September 30, 2019 and may be redeemed in whole or in part at the Company's option at any time or from time to time on or after September 30, 2015, upon not less than 30 days nor more than 60 days written notice by mail prior to the date fixed for redemption thereof, at a redemption price of 100% of the outstanding principal amount thereof plus accrued and unpaid interest payments otherwise payable for the then-current quarterly interest period accrued to but not including the date fixed for redemption. The September 2019 Notes bear interest at a rate of 7.00% per year payable quarterly on March 30, June 30, September 30 and December 30 of each year, commencing on December 30, 2012, and trade on the New York Stock Exchange under the trading symbol "HTGY."

The September 2019 Notes are the Company's direct unsecured obligations and rank: (i) pari passu with the Company's other outstanding and future senior unsecured indebtedness, including without limitation, the \$40.9 million in aggregate principal amount of the Convertible Senior Notes; (ii) senior to any of the Company's future indebtedness that expressly provides it is subordinated to the September 2019 Notes; (iii) effectively subordinated to all the Company's existing and future secured indebtedness (including indebtedness that is initially unsecured to which the Company subsequently grants security), to the extent of the value of the assets securing such indebtedness, including without limitation, borrowings under the Company's credit facilities; (iv) structurally subordinated to all existing and future indebtedness and other obligations of any of the Company's subsidiaries, including without limitation, the indebtedness of Hercules Technology II, L.P. and Hercules Technology III, L.P. and borrowings under the Company's revolving senior secured credit facility with Wells Fargo Capital Finance.

The Base Indenture, as supplemented by the Second Supplemental Indenture, contains certain covenants including covenants requiring the Company to comply with (regardless of whether it is subject to) the asset coverage requirements set forth in Section 18 (a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act to comply with the restrictions on dividends, distributions and purchase of capital stock set forth in Section 18(a)(1)(B) as modified by Section 61(a)(1) of the 1940 Act and to provide financial information to the holders of the September 2019 Notes and the Trustee if the Company should no longer be subject to the reporting requirements under the Securities Exchange Act of 1934. These covenants are subject to important limitations and exceptions that are described in the Base Indenture, as supplemented by the Second Supplemental Indenture. The Base Indenture provides for customary events of default and further provides that the Trustee or the holders of 25% in aggregate principal amount of the outstanding September 2019 Notes in a series may declare such September 2019 Notes immediately due and payable upon the occurrence of any event of default after expiration of any applicable grace period.

The September 2019 Notes were sold pursuant to an underwriting agreement dated September 19, 2012 among the Company and Stifel, Nicolaus & Company, Incorporated, as representative of the several underwriters named in the underwriting agreement.

For the three and nine months ended September 30, 2014 and 2013 (unaudited), the components of interest expense and related fees and cash paid for interest expense for the April 2019 Notes and September 2019 Notes are as follows:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Stated interest expense	\$2,981	\$2,981	\$8,944	\$8,944
Amortization of debt issuance cost	243	243	\$725	725
Total interest expense and fees	\$3,224	\$3,224	\$9,669	\$9,669
Cash paid for interest expense and fees	\$2,981	\$2,981	\$8,944	\$8,944

As of September 30, 2014, the Company was in compliance with the terms of the Base Indenture, and respective supplemental indentures thereto, governing the April 2019 Notes and September 2019 Notes.

2024 Notes

On July 14, 2014, the Company and U.S. Bank, N.A. (the “Trustee”), entered into the Third Supplemental Indenture (the “Third Supplemental Indenture”) to the Base Indenture between the Company and the Trustee, dated July 14, 2014, relating to the Company’s issuance, offer and sale of \$100.0 million aggregate principal amount of 2024 Notes. On August 6, 2014, the underwriters issued notification to exercise their over-allotment option for an additional \$3.0 million in aggregate principal amount of the 2024 Notes. The sale of the 2024 Notes generated net proceeds of approximately \$99.9 million.

The 2024 Notes will mature on July 30, 2024 and may be redeemed in whole or in part at the Company’s option at any time or from time to time on or after July 30, 2017, upon not less than 30 days nor more than 60 days written notice by mail prior to the date fixed for redemption thereof, at a redemption price of 100% of the outstanding principal amount thereof plus accrued and unpaid interest payments otherwise payable for the then-current quarterly interest period accrued to but not including the date fixed for redemption. The 2024 Notes bear interest at a rate of 6.25% per year payable quarterly on January 30, April 30, July 30 and October 30 of each year, commencing on July 30, 2014, and trade on the New York Stock Exchange under the trading symbol “HTGX.”

The 2024 Notes will be the Company’s direct unsecured obligations and will rank: (i) pari passu with the Company’s other outstanding and future senior unsecured indebtedness, including without limitation, the approximately \$84.5 million 7.00% Senior Notes due April 30, 2019 (the “April 2019 Notes”); the approximately \$85.9 million 7.00% Senior Notes due September 30, 2019 (the “September 2019 Notes” and together with the April 2019 Notes, the “2019 Notes”), the \$40.9 million 6.00% Convertible Senior Notes due 2016 (the “Convertible Senior Notes”) and the approximately \$28.0 million fixed-rate asset-backed notes (the “Asset-Backed Notes”); (ii) senior to any of the Company’s future indebtedness that expressly provides it is subordinated to the 2024 Notes; (iii) effectively subordinated to all the Company’s existing and future secured indebtedness (including indebtedness that is initially unsecured to which the Company subsequently grants security), to the extent of the value of the assets securing such indebtedness, including without limitation, borrowings under the Company’s credit facilities; (iv) structurally subordinated to all existing and future indebtedness and other obligations of any of the Company’s subsidiaries, including without limitation, the indebtedness of HT II and HT III and any borrowings under the Company’s revolving senior secured credit facility with Wells Fargo Capital Finance.

The Base Indenture, as supplemented by the Third Supplemental Indenture, contains certain covenants including covenants requiring the Company to comply with (regardless of whether it is subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act and to comply with the restrictions on dividends, distributions and purchase of capital stock set forth in Section 18(a)(1)(B) as modified by Section 61(a)(1) of the 1940 Act. These covenants are subject to important limitations and exceptions that are described in the Base Indenture, as supplemented by the Third Supplemental Indenture. The Base Indenture, as supplemented by the Third Supplemental Indenture, also contains certain reporting requirements, including a requirement that the Company provide financial information to the holders of the 2024 Notes and the Trustee if the Company should no longer be subject to the reporting requirements under the Securities Exchange Act of 1934. The Base Indenture provides for customary events of default and further provides that the Trustee or the holders of 25% in aggregate principal amount of the outstanding 2024 Notes in a series may declare such 2024 Notes immediately due and payable upon the occurrence of any event of default after expiration of any applicable grace period. As of September 30, 2014, the Company was in compliance with the terms of the Base Indenture as supplemented by the Third Supplemental Indenture.

At September 30, 2014, the 2024 Notes had an outstanding principal balance of \$103.0 million.

For the three and nine months ended September 30, 2014 (unaudited), the components of interest expense and related fees and cash paid for interest expense for the 2024 Notes are as follows:

(in thousands)	Three Months		Nine Months	
	Ended September 30, 2014	2013	Ended September 30, 2014	2013
Stated interest expense	\$ 1,068	\$ —	\$ 1,068	\$ —
Amortization of debt issuance cost	69	—	\$ 69	—
Total interest expense and fees	\$ 1,137	\$ —	\$ 1,137	\$ —
Cash paid for interest expense and fees	\$ 278	\$ —	\$ 278	\$ —

Asset-Backed Notes

On December 19, 2012, the Company completed a \$230.7 million term debt securitization in connection with which an affiliate of the Company's made an offer of \$129.3 million in aggregate principal amount of fixed-rate asset-backed notes (the "Asset-Backed Notes"), which Asset-Backed Notes were rated A2(sf) by Moody's Investors Service, Inc. The Asset-Backed Notes were issued by Hercules Capital Funding Trust 2012-1 pursuant to a note purchase agreement, dated as of December 12, 2012, by and among the Company, Hercules Capital Funding 2012-1 LLC, as Trust Depositor (the "Trust Depositor"), Hercules Capital Funding Trust 2012- 1, as Issuer (the "Issuer"), and Guggenheim Securities, LLC, as Initial Purchaser, and are backed by a pool of senior loans made to certain of the Company's portfolio companies and secured by certain assets of those portfolio companies and are to be serviced by the Company. Interest on the Asset-Backed Notes will be paid, to the extent of funds available, at a fixed rate of 3.32% per annum. The Asset-Backed Notes have a stated maturity of December 16, 2017.

As part of this transaction, the Company entered into a sale and contribution agreement with the Trust Depositor under which the Company has agreed to sell or have contributed to the Trust Depositor certain senior loans made to certain of the Company's portfolio companies (the "Loans"). The Company has made customary representations, warranties and covenants in the sale and contribution agreement with respect to the Loans as of the date of their transfer to the Trust Depositor.

In connection with the issuance and sale of the Asset-Backed Notes, the Company has made customary representations, warranties and covenants in the note purchase agreement. The Asset-Backed Notes are secured obligations of the Issuer and are non-recourse to the Company. The Issuer also entered into an indenture governing the Asset-Backed Notes, which includes customary representations, warranties and covenants. The Asset-Backed Notes were sold without being registered under the Securities Act of 1933, as amended (the "Securities Act"), to "qualified institutional buyers" in compliance with the exemption from registration provided by Rule 144A under the Securities Act and to institutional "accredited investors" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) who in each case, are "qualified purchasers" for purposes of Section 3(c)(7) under the 1940 Act. In addition, the Trust Depositor entered into an amended and restated trust agreement, which includes customary representation, warranties and covenants.

The Loans are serviced by the Company pursuant to a sale and servicing agreement, which contains customary representations, warranties and covenants. The Company performs certain servicing and administrative functions with respect to the Loans. The Company is entitled to receive a monthly fee from the Issuer for servicing the Loans. This

servicing fee is equal to the product of one-twelfth (or in the case of the first payment date, a fraction equal to the number of days from and including December 5, 2012 through and including January 15, 2013 over 360) of 2.00% and the aggregate outstanding principal balance of the Loans, excluding all defaulted Loans and all purchased Loans, as of the first day of the related collection period (the period from the 5th day of the immediately preceding calendar month through the 4th day of the calendar month in which a payment date occurs, and for the first payment date, the period from and including December 5, 2012, to the close of business on January 4, 2013).

The Company also serves as administrator to the Issuer under an administration agreement, which includes customary representations, warranties and covenants.

At September 30, 2014 and December 31, 2013, the Asset Backed Notes had an outstanding principal balance of \$28.0 million and \$89.6 million, respectively.

Under the terms of the Asset Backed Notes, the Company is required to maintain a reserve cash balance, funded through interest and principal collections from the underlying securitized debt portfolio, which may be used to pay monthly interest and principal payments on the Asset-Backed Notes. The Company has segregated these funds and classified them as Restricted Cash. There was approximately \$2.1 million and \$6.3 million of Restricted Cash as of September 30, 2014 and December 31, 2013, respectively, funded through interest collections.

Convertible Senior Notes

In April 2011, the Company issued \$75.0 million in aggregate principal amount of 6.00% convertible senior notes (the “Convertible Senior Notes”) due 2016. During the three months ended September 30, 2014, holders of approximately \$34.1 million of the Company’s Convertible Senior Notes exercised their conversion rights. As of September 30, 2014, the carrying value of the Convertible Senior Notes, comprised of the aggregate principal amount outstanding less the unaccreted discount initially recorded upon issuance of the Convertible Senior Notes, is approximately \$40.0 million.

The Convertible Senior Notes mature on April 15, 2016 (the “Maturity Date”), unless previously converted or repurchased in accordance with their terms. The Convertible Senior Notes bear interest at a rate of 6.00% per year payable semiannually in arrears on April 15 and October 15 of each year, commencing on October 15, 2011. The Convertible Senior Notes are the Company’s senior unsecured obligations and rank senior in right of payment to the Company’s existing and future indebtedness that is expressly subordinated in right of payment to the Convertible Senior Notes; equal in right of payment to the Company’s existing and future unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of the Company’s secured indebtedness (including unsecured indebtedness that the Company later secure) to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by the Company’s subsidiaries, financing vehicles or similar facilities.

Prior to the close of business on the business day immediately preceding October 15, 2015, holders may convert their Convertible Senior Notes only under certain circumstances set forth in the indenture. On or after October 15, 2015 until the close of business on the scheduled trading day immediately preceding the Maturity Date, holders may convert their Convertible Senior Notes at any time. Upon conversion, the Company will pay or deliver, as the case may be, at the Company’s election, cash, shares of the Company’s common stock or a combination of cash and shares of the Company’s common stock. The conversion rate will initially be 84.0972 shares of common stock per \$1,000 principal amount of Convertible Senior Notes (equivalent to an initial conversion price of approximately \$11.89 per share of common stock). The conversion rate will be subject to adjustment in some events but will not be adjusted for any accrued and unpaid interest. In addition, if certain corporate events occur prior to the Maturity Date, the conversion rate will be increased for converting holders. As of September 30, 2014, the conversion rate was 87.5583 shares of common stock per \$1,000 principal amount of Convertible Senior Notes (equivalent to an adjusted conversion price of approximately \$11.42 per share of common stock).

The Company may not redeem the Convertible Senior Notes prior to maturity. No sinking fund is provided for the Convertible Senior Notes. In addition, if certain corporate events occur, holders of the Convertible Senior Notes may require the Company to repurchase for cash all or part of their Convertible Senior Notes at a repurchase price equal to 100% of the principal amount of the Convertible Senior Notes to be repurchased, plus accrued and unpaid interest through, but excluding, the required repurchase date.

The Convertible Senior Notes are accounted for in accordance with ASC 470-20 (previously FASB Staff Position No. APB 14- 1, “Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)”). In accounting for the Convertible Senior Notes, the Company estimated at the time of issuance that the values of the debt and the embedded conversion feature of the Convertible Senior Notes were approximately 92.8% and 7.2%, respectively. The original issue discount of 7.2% attributable to the conversion feature of the Convertible Senior Notes was recorded in “capital in excess of par value” in the consolidated statement of assets and liabilities. As a result, the Company recorded interest expense comprised of both stated interest expense as well as accretion of the original issue discount resulting in an estimated effective interest rate of approximately 8.1%.

Upon meeting the stock trading price conversion requirement as set forth in the Indenture, dated April 15, 2011, between the Company and U.S. Bank National Association, during the three months ended June 30, 2014, the Convertible Senior Notes became convertible on July 1, 2014 and continued to be convertible through September 30, 2014. As of September 30, 2014, approximately \$34.1 million of the Convertible Senior Notes were converted and were settled with a combination of cash equal to the outstanding principal amount of the converted notes and approximately 924,000 shares of the Company's common stock. Upon meeting the stock trading price conversion requirement during the three months ended September 30, 2014, the Convertible Senior Notes continue to be convertible through December 30, 2014. See "Subsequent Events."

The Company recorded a loss on extinguishment of debt for the proportionate amount of unamortized debt issuance costs and original issue discount. The loss was partially offset by a gain in the amount of the difference between the outstanding principal balance of the converted notes and the fair value of the debt instrument. The net loss on extinguishment of debt the Company recorded for the three and nine months ended September 30, 2014 was approximately \$1.0 million and was classified as a component of net investment income in the Company's Consolidated Statements of Operations.

As of September 30, 2014 (unaudited) and December 31, 2013, the components of the carrying value of the Convertible Senior Notes were as follows:

(in thousands)	September 30, 2014	December 31, 2013
Principal amount of debt	\$ 40,923	\$ 75,000
Original issue discount, net of accretion	(911)	(2,481)
Carrying value of Convertible Senior Notes	\$ 40,012	\$ 72,519

For the three and nine months ended September 30, 2014 and 2013 (unaudited), the components of interest expense, fees and cash paid for interest expense for the Convertible Senior Notes were as follows:

(in thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Stated interest expense	\$184	\$1,125	\$2,434	\$3,375
Accretion of original issue discount	197	271	738	812
Amortization of debt issuance cost	105	144	394	433
Total interest expense	\$486	\$1,540	\$3,566	\$4,620
Cash paid for interest expense	\$—	\$—	\$2,250	\$2,250

The estimated effective interest rate of the debt component of the Convertible Senior Notes, equal to the stated interest of 6.0% plus the accretion of the original issue discount, was approximately 8.1% for the three and nine months ended September 30, 2014 and 2013. Interest expense decreased by approximately \$950,000 during both the three and nine months ended September 30, 2014 from the comparative periods in 2013, due to Convertible Senior Notes settled prior to the interest payment date. As of September 30, 2014, the Company is in compliance with the terms of the indentures governing the Convertible Senior Notes.

Wells Facility

In August 2008, the Company entered into a \$50.0 million two-year revolving senior secured credit facility with Wells Fargo Capital Finance (the “Wells Facility”). On June 20, 2011, the Company renewed the Wells Facility, and the Wells Facility was further amended on August 1, 2012, December 17, 2012 and August 8, 2014. Under this senior secured facility, Wells Fargo Capital Finance has made commitments of \$75.0 million. The facility contains an accordion feature, in which the Company can increase the credit line up to an aggregate of \$300.0 million, funded by additional lenders and with the agreement of Wells Fargo Capital Finance and subject to other customary conditions. The Company expects to continue discussions with various other potential lenders to join the new facility; however, there can be no assurances that additional lenders will join the Wells Facility.

On August 1, 2012, the Company entered into an amendment to the Wells Facility that reduced the interest rate floor by 75 basis points to 4.25% and extended the maturity date by one year to August 2015. Additionally, the August 2012 amendment added an amortization period that commences on the day immediately following the end of the

revolving credit availability period and ends one year thereafter on the maturity date. The August 2012 amendment also reduced the unused line fee, as further discussed below. On August 8, 2014, the Company entered into a further amendment to the Wells Facility to set the interest rate floor at 4.00% and to extend the revolving credit availability period to August 2017.

As amended, borrowings under the Wells Facility will generally bear interest at a rate per annum equal to LIBOR plus 3.50%, with a floor of 4.00% and an advance rate of 50% against eligible debt investments. The Wells Facility is secured by debt investments in the borrowing base. The Wells Facility requires payment of a non-use fee on a scale of 0.0% to 0.50% of the average monthly outstanding balance. The monthly payment of a non-use fee thereafter shall depend on the average balance that was outstanding on a scale between 0.0% and 0.50%. For the three and nine months ended September 30, 2014 and 2013, this non-use fee was approximately \$96,000 and \$284,000, respectively. On June 20, 2011 the Company paid an additional \$1.1 million in structuring fees in connection with the Wells Facility which are being amortized through the end of the term of the Wells Facility. In connection with the August 2014 amendments, the Company paid an additional \$750,000 in structuring fees in connection with the Wells Facility which are being amortized through the end of the term of the Wells Facility.

The Wells Facility includes various financial and operating covenants applicable to the Company and the Company's subsidiaries, in addition to those applicable to Hercules Funding II, LLC. As amended, these covenants require the Company to maintain certain financial ratios and a minimum tangible net worth in an amount, when added to outstanding subordinated indebtedness, that is in excess of \$500.0 million plus 90% of the cumulative amount of equity raised after June 30, 2014. The Wells Facility provides for customary events of default, including, but not limited to, payment defaults, breach of representations or covenants, bankruptcy events and change of control. The Company was in compliance with all covenants at September 30, 2014. At September 30, 2014 there were no borrowings outstanding on this facility.

Union Bank Facility

The Company has a \$75.0 million revolving senior secured credit facility (the “Union Bank Facility”) with Union Bank (“Union Bank”). The Company originally entered into the Union Bank Facility on February 10, 2010 but, following several amendments, amended and restated the Union Bank Facility on August 14, 2014. The amendment and restatement extends the maturity date of the Union Bank Facility to August 1, 2017, increases the size of the Union Bank Facility to \$75.0 million from \$30.0 million, and adjusts the interest rate for LIBOR borrowings under the Union Bank Facility. LIBOR-based borrowings by the Company under the Union Bank Facility will bear interest at a rate per annum equal to LIBOR plus 2.25% with no floor, whereas previously the Company paid a per annum interest rate on such borrowings equal to LIBOR plus 2.50% with a floor of 4.00%. Other borrowings by the Company under the Union Bank Facility, which are based on a reference rate instead of LIBOR, will continue to bear interest at a rate per annum equal to the reference rate (which is the greater of the federal funds rate plus 1.00% and a periodically announced Union Bank index rate) plus the greater of (i) 4.00% minus the reference rate and (ii) 1.00%. The Company continues to have the option of determining which type of borrowing to request under the Union Bank Facility. Subject to certain conditions, the amendment also removes a previous ceiling on the amount of certain unsecured indebtedness that the Company may incur.

Union Bank has made commitments to lend up to \$75.0 million in aggregate principal amount. The Union Bank Facility contains an accordion feature, pursuant to which the Company may increase the size of the Union Bank Facility to an aggregate principal amount of \$300.0 million by bringing in additional lenders, subject to the approval of Union Bank and other customary conditions. There can be no assurances that additional lenders will join the Union Bank Facility to increase available borrowings.

The Union Bank Facility requires the payment of a non-use fee of 0.50% annually. For the three and nine months ended September 30, 2014, this non-use fee was approximately \$50,000 and \$100,000, respectively. For the three and nine months ended September 30, 2013, this non-use fee was approximately \$38,000 and \$114,000, respectively. The amount that the Company may borrow under the Union Bank Facility is determined by applying an advance rate to eligible loans. The Union Bank Facility generally requires payment of monthly interest on loans based on a reference rate and at the end of a one, two, or three-month period, as applicable, for loans based on LIBOR. All outstanding principal is due upon maturity.

The Union Bank Facility is collateralized by debt investments in the Company’s portfolio companies, and includes an advance rate equal to 50.0% of eligible debt investments placed in the collateral pool.

The Company has various financial and operating covenants required by the Union Bank Facility. These covenants require, among other things, that the Company maintain certain financial ratios, including liquidity, asset coverage, and debt service coverage, and a minimum tangible net worth in an amount, when added to outstanding subordinated indebtedness, that is in excess of \$550.0 million plus 90% of the amount of net cash proceeds received from the sale of common stock after June 30, 2014. The Union Bank Facility provides for customary events of default, including, but not limited to, payment defaults, breach of representations or covenants, bankruptcy events and change of control. The Company was in compliance with all covenants at September 30, 2014.

At September 30, 2014 there were no borrowings outstanding on this facility.

Citibank Credit Facility

The Company, through Hercules Funding Trust I, an affiliated statutory trust, had a securitized credit facility (the “Citibank Credit Facility”) with Citigroup Global Markets Realty Corp. which expired under normal terms. During the first quarter of 2009, the Company paid off all principal and interest owed under the Citibank Credit Facility.

Citigroup has an equity participation right through a warrant participation agreement on the pool of debt investments and warrants collateralized under the Citibank Credit Facility. Pursuant to the warrant participation agreement, the Company granted to Citigroup a 10% participation in all warrants held as collateral. However, no additional warrants were included in collateral subsequent to the facility amendment on May 2, 2007. As a result, Citigroup is entitled to 10% of the realized gains on the warrants until the realized gains paid to Citigroup pursuant to the agreement equal \$3,750,000 (the "Maximum Participation Limit"). The obligations under the warrant participation agreement continue even after the Citibank Credit Facility is terminated until the Maximum Participation Limit has been reached.

During the nine months ended September 30, 2014, the Company reduced the Company's realized gain by approximately \$270,000 for Citigroup's participation in the gain on sale of equity securities which were obtained from exercising a portfolio company warrant which was included in the collateral pool. The Company recorded a decrease on participation liability and an increase on unrealized appreciation by a net amount of approximately \$146,000 as a result of year to date depreciation of fair value on the pool of warrants collateralized under the warrant participation agreement. The value of their participation right on unrealized gains in the related equity investments was approximately \$224,000 as of September 30, 2014 and is included in accrued liabilities. There can be no assurances that the unrealized appreciation of the warrants will not be higher or lower in future periods due to fluctuations in the value of the warrants, thereby increasing or reducing the effect on the cost of borrowing. Since inception of the agreement, the Company has paid Citigroup approximately \$1.9 million under the warrant participation agreement thereby reducing the Company's realized gains by this amount. The Company will continue to pay Citigroup under the warrant participation agreement until the Maximum Participation Limit is reached or the warrants expire. Warrants subject to the Citigroup participation agreement are set to expire between February 2016 and March 2017.

5. Income taxes

The Company has elected to be taxed as a RIC under Subchapter M of the Code and intends to continue to operate so as to qualify to be taxed as a RIC under Subchapter M of the Code and, as such, will not be subject to federal income tax on the portion of taxable income and gains distributed to stockholders.

To qualify as a RIC, the Company is required to meet certain income and asset diversification tests in addition to distributing at least 90% of its investment company taxable income, as defined by the Code. The amount to be paid out as a dividend is determined by the Board of Directors each quarter and is based upon the annual earnings estimated by the management of the Company. To the extent that the Company's earnings fall below the amount of dividends declared, however, a portion of the total amount of the Company's dividends for the fiscal year may be deemed a return of capital for tax purposes to the Company's stockholders.

Taxable income includes the Company's taxable interest, dividend and fee income, as well as taxable net capital gains. Taxable income generally differs from net income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses, and generally excludes net unrealized appreciation or depreciation, as gains or losses are not included in taxable income until they are realized.

Taxable income includes non-cash income, such as changes in accrued and reinvested interest and dividends, which includes contractual payment-in-kind interest, and the amortization of discounts and fees. Cash collections of income resulting from contractual PIK interest arrangements or the amortization of discounts and fees generally occur upon the repayment of the loans or debt securities that include such items. Non-cash taxable income is reduced by non-cash expenses, such as realized losses and depreciation and amortization expense.

During the three months ended September 30, 2014, the Company declared a distribution of \$0.31 per share. The determination of the tax attributes of the Company's distributions is made annually as of the end of the Company's fiscal year based upon its taxable income for the full year and distributions paid for the full year. As a result, a determination made on a quarterly basis may not be representative of the actual tax attributes of the Company's distributions for a full year. If the Company had determined the tax attributes of our distributions year-to-date as of September 30, 2014, approximately 100% would be from ordinary income and spillover earnings from 2013. However there can be no certainty to shareholders that this determination is representative of what the tax attributes of its 2014 distributions to shareholders will actually be.

As a RIC, the Company will be subject to a 4% nondeductible federal excise tax on certain undistributed income unless the Company distributes in a timely manner an amount at least equal to the sum of (1) 98% of its ordinary income for each calendar year, (2) 98.2% of its capital gain net income for the 1-year period ending October 31 in that calendar year and (3) any income realized, but not distributed, in the preceding year (the “Excise Tax Avoidance Requirements”). The Company will not be subject to excise taxes on amounts on which the Company is required to pay corporate income tax (such as retained net capital gains). Depending on the level of taxable income earned in a tax year, the Company may choose to carry over taxable income in excess of current year distributions from such taxable income into the next tax year and pay a 4% excise tax on such income, as required. The maximum amount of excess taxable income that may be carried over for distribution in the next year under the Code is the total amount of dividends paid in the following year, subject to certain declaration and payment guidelines. To the extent the Company chooses to carry over taxable income into the next tax year, dividends declared and paid by the Company in a year may differ from taxable income for that year as such dividends may include the distribution of current year taxable income, the distribution of prior year taxable income carried over into and distributed in the current year, or returns of capital.

Taxable income for the nine months ended September 30, 2014 was approximately \$44.0 million or \$0.71 per share. Taxable net realized gains for the same period were \$18.7 million or approximately \$0.30 per share. Taxable income for the nine months ended September 30, 2013 was approximately \$51.3 million or \$0.87 per share. Taxable net realized gains for the same period were \$16.7 million or approximately \$0.28 per share.

The Company intends to distribute approximately \$3.8 million of spillover earnings from the year ended December 31, 2013 to our shareholders in 2014.

6. Shareholders' Equity

On August 16, 2013, the Company entered into an "At-The-Market" ("ATM") equity distribution agreement with JMP Securities LLC ("JMP"). The equity distribution agreement provides that the Company may offer and sell up to 8.0 million shares of its common stock from time to time through JMP, as its sales agent. Sales of the Company's common stock, if any, may be made in negotiated transactions or transactions that are deemed to be "at the market," as defined in Rule 415 under the Securities Act of 1933, as amended, including sales made directly on the NYSE or similar securities exchange or sales made to or through a market maker other than on an exchange, at prices related to the prevailing market prices or at negotiated prices.

During the nine months ended September 30, 2014, the Company sold 650,000 shares of common stock for total accumulated net proceeds of approximately \$9.5 million, all of which is accretive to net asset value. The Company expects to use the net proceeds from the offering to make investments, to repurchase or pay liabilities and for general corporate purposes. As of September 30, 2014, approximately 7.35 million shares remained available for issuance and sale under the equity distribution agreement.

The Company has issued stock options for common stock subject to future issuance, of which 686,988 and 833,923 were outstanding at September 30, 2014 and December 31, 2013, respectively.

7. Equity Incentive Plan

The Company and its stockholders have authorized and adopted the 2004 Equity Incentive Plan (the "2004 Plan") for purposes of attracting and retaining the services of its executive officers and key employees. Under the 2004 Plan, the Company is authorized to issue 7.0 million shares of common stock. On June 1, 2011, stockholders approved an amended and restated plan and provided an increase of 1.0 million shares, authorizing the Company to issue 8.0 million shares of common stock under the 2004 Plan.

The Company and its stockholders have authorized and adopted the 2006 Non-Employee Director Plan (the "2006 Plan" and, together with the 2004 Plan, the "Plans") for purposes of attracting and retaining the services of its Board of Directors. Under the 2006 Plan, the Company is authorized to issue 1.0 million shares of common stock. The Company filed an exemptive relief request with the Securities and Exchange Commission ("SEC") to allow options to be issued under the 2006 Plan which was approved on October 10, 2007.

On June 21, 2007, the stockholders approved amendments to the 2004 Plan and the 2006 Plan allowing for the grant of restricted stock. The amended Plans limit the combined maximum amount of restricted stock that may be issued under both Plans to 10% of the outstanding shares of the Company's stock on the effective date of the Plans plus 10% of the number of shares of stock issued or delivered by the Company during the terms of the Plans. The amendments further specify that no one person shall be granted awards of restricted stock relating to more than 25% of the shares available for issuance under the 2004 Plan. Further, the amount of voting securities that would result from the exercise of all of the Company's outstanding warrants, options and rights, together with any restricted stock issued pursuant to the Plans, at the time of issuance shall not exceed 25% of its outstanding voting securities, except that if the amount of voting securities that would result from such exercise of all of the Company's outstanding warrants, options and rights

issued to the Company's directors, officers and employees, together with any restricted stock issued pursuant to the Plans, would exceed 15% of the Company's outstanding voting securities, then the total amount of voting securities that would result from the exercise of all outstanding warrants, options and rights, together with any restricted stock issued pursuant to the Plans, at the time of issuance shall not exceed 20% of our outstanding voting securities.

The following table summarizes the common stock options activities for the nine months ended September 30, 2014 and 2013 (unaudited):

	Nine Months Ended September 30,			
	2014	2013	2014	2013
	Common	Weighted	Common	Weighted
	Stock	Average	Stock	Average
	Options	Exercise	Options	Exercise
		Price		Price
Outstanding at December 31,	833,923	\$ 12.53	2,574,749	\$ 12.00
Granted	245,000	\$ 16.06	325,000	\$ 14.16
Exercised	(248,206)	\$ 10.97	(1,321,941)	\$ 12.17
Forfeited	(143,729)	\$ 15.12	(115,338)	\$ 10.38
Expired	—	\$ —	(65,000)	\$ 13.30
Outstanding at September 30,	686,988	\$ 13.80	1,397,470	\$ 12.41
Shares Expected to Vest at September 30,	487,686	\$ 13.80	499,959	\$ 12.41

The following table summarizes common stock options outstanding and exercisable at September 30, 2014 (unaudited):

(Dollars in thousands,

except exercise price)	Options outstanding			Options exercisable			Weighted
	Number of	Weighted average	Aggregate	Number of shares	Weighted average	Aggregate	
	shares	remaining contractual life	intrinsic value	exercise price	of shares	remaining contractual life	intrinsic value
Range of exercise prices							
\$9.25 - \$14.86	385,488	4.91	\$ 888,601	\$ 12.27	199,302	4.12	\$ 676,613
\$15.31 - \$16.34	301,500	6.80	—	\$ 15.77	—	—	\$ —
\$9.25 - \$16.34	686,988	5.74	\$ 888,601	\$ 13.80	199,302	4.12	\$ 676,613

Options generally vest 33% one year after the date of grant and ratably over the succeeding 24 months.

All options may be exercised for a period ending seven years after the date of grant. At September 30, 2014, options for 199,302 shares were exercisable at a weighted average exercise price of approximately \$11.14 per share with weighted average of remaining contractual term of 4.12 years.

The Company determined that the fair value of options granted under the 2006 and 2004 Plans during the nine months ended September 30, 2014 and 2013 was approximately \$126,000 and \$779,000. During the nine months ended September 30, 2014 and 2013, approximately \$313,000 and \$266,000 of share-based cost due to stock option grants was expensed, respectively. As of September 30, 2014, there was approximately \$710,000 of total unrecognized compensation costs related to stock options. These costs are expected to be recognized over a weighted average period of 2.0 years.

The fair value of options granted is based upon a Black Scholes option pricing model using the assumptions in the following table for the nine months ended September 30, 2014 and 2013:

	Nine Months Ended September 30,	
	2014	2013
Expected Volatility	19.90%	46.90%
Expected Dividends	10%	10%
Expected term (in years)	4.5	4.5
	1.24% -	0.56% -
Risk-free rate	1.66%	1.63%

During the nine months ended September 30, 2014 and 2013 the Company granted 989,883 shares and 607,001 shares, respectively, of restricted stock pursuant to the Plans. The Company determined that the fair value of restricted stock granted under the 2006 and 2004 Plans during the nine months ended September 30, 2014 and 2013 was approximately \$13.7 million and \$7.7 million, respectively. During the nine months ended September 30, 2014 and 2013, the Company expensed approximately \$6.6 million and \$4.1 million of compensation expense related to restricted stock, respectively. As of September 30, 2014, there was approximately \$15.2 million of total unrecognized compensation costs related to restricted stock. These costs are expected to be recognized over a weighted average period of 1.6 years.

The following table summarizes the activities for our unvested restricted stock for the nine months ended September 30, 2014 and 2013 (unaudited):

	Nine Months Ended September 30, 2014		2013	
	Restricted Stock Units	Weighted Average Exercise Price	Restricted Stock Units	Weighted Average Exercise Price
Unvested at December 31,	1,035,897	\$ 11.94	899,789	\$ 10.73
Granted	989,883	\$ 13.82	607,001	\$ 12.72
Vested	(478,161)	\$ 12.04	(364,844)	\$ 10.56
Forfeited	(144,277)	\$ 12.76	(10,739)	\$ 11.37
Unvested at September 30,	1,403,342	\$ 13.14	1,131,207	\$ 11.85

The SEC, through an exemptive order granted on June 22, 2010, approved amendments to the Plans which allow participants to elect to have the Company withhold shares of the Company's common stock to pay for the exercise price and applicable taxes with respect to an option exercise ("net issuance exercise"). The exemptive order also permits the holders of restricted stock to elect to have the Company withhold shares of Hercules stock to pay the applicable taxes due on restricted stock at the time of vesting. Each individual can make, and does not preclude the participant from electing to make, a cash payment at the time of option exercise or to pay taxes on restricted stock.

8. Earnings Per Share

Shares used in the computation of the Company's basic and diluted earnings per share are as follows (unaudited):

(in thousands, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Numerator				
Net increase in net assets resulting from operations	\$ 15,177	\$ 36,981	\$ 50,553	\$ 74,549
Less: Dividends declared-common and restricted shares	(19,927)	(17,277)	(58,482)	(47,292)
Undistributed earnings	(4,750)	19,704	(7,929)	27,257
Undistributed earnings-common shares	(4,750)	19,704	(7,929)	27,257
Add: Dividend declared-common shares	19,469	16,949	57,298	46,292
Numerator for basic and diluted change in net assets per common share	14,719	36,653	49,369	73,549
Denominator				
Basic weighted average common shares outstanding	62,356	60,522	61,444	58,206
Common shares issuable	1,423	228	2,110	190
Weighted average common shares outstanding assuming dilution	63,779	60,750	63,554	58,396

Change in net assets per common share

Basic	\$0.24	\$0.61	\$0.80	\$1.26
Diluted	\$0.23	\$0.59	\$0.78	\$1.23

For the purpose of calculating diluted earnings per share for three and nine months ended September 30, 2014 and 2013, the dilutive effect of the Convertible Senior Notes under the treasury stock method is included in this calculation because the Company's share price was greater than the conversion price in effect (\$11.42 as of September 30, 2014 and \$11.69 as of September 30, 2013, respectively) for the Convertible Senior Notes for such period.

The calculation of change in net assets resulting from operations per common share—assuming dilution, excludes all anti-dilutive shares. For the three months ended September 30, 2014 and 2013, the number of anti-dilutive shares, as calculated based on the weighted average closing price of the Company's common stock for the periods, was approximately 742,043 and 1,549,001, respectively. For the nine months ended September 30, 2014 and 2013, the number of anti-dilutive shares, as calculated based on the weighted average closing price of the Company's common stock for the periods, was approximately 752,116 and 2,081,780 shares, respectively.

At September 30, 2014, the Company was authorized to issue 100,000,000 shares of common stock with a par value of \$0.001. Each share of common stock entitles the holder to one vote.

9. Financial Highlights

Following is a schedule of financial highlights for the nine months ended September 30, 2014 and 2013:

	Nine Months Ended September 30,	
	2014	2013
Per share data⁽¹⁾:		
Net asset value at beginning of period	\$ 10.51	\$ 9.75
Net investment income	0.91	0.93
Net realized gain on investments	0.21	0.19
Net unrealized appreciation (depreciation) on investments	(0.30)	0.15
Total from investment operations	0.82	1.27
Net increase (decrease) in net assets from capital share transactions	(0.27)	0.15
Distributions of net investment income	(0.95)	(0.82)
Stock-based compensation expense included in investment income ⁽²⁾	0.11	0.07
Net asset value at end of period	\$ 10.22	\$ 10.42
Ratios and supplemental data:		
Per share market value at end of period	\$ 14.46	\$ 15.25
Total return ⁽³⁾	-6.28 %	47.94 %
Shares outstanding at end of period	64,182	61,756
Weighted average number of common shares outstanding	61,444	58,206
Net assets at end of period	\$ 645,198	\$ 643,376
Ratio of operating expense to average net assets ⁽⁴⁾⁽⁵⁾	10.17 %	11.84 %
Ratio of net investment income before investment gains and losses to average net assets ⁽⁴⁾	11.38 %	12.27 %
Average debt outstanding	\$ 519,025	\$ 585,070
Weighted average debt per common share	\$ 8.44	\$ 10.05

(1) All per share activity is calculated based on the weighted average shares outstanding for the relevant period.

(2) Stock option expense is a non-cash expense that has no effect on net asset value. Pursuant to ASC 718, net investment income includes the expense associated with the granting of stock options which is offset by a corresponding increase in paid-in capital.

(3) The total return for the nine months ended September 30, 2014 and 2013 equals the change in the ending market value over the beginning of the period price per share plus dividends paid per share during the period, divided by the beginning price assuming the dividend is reinvested on the date of the distribution. As such, the total return is not annualized.

(4) All ratios are calculated based on weighted average net assets for the relevant period and are annualized.

(5) Operating expense as used in the ratio of operating expense to average net assets does not include loss on debt extinguishment (long-term liabilities - convertible senior notes). If loss on debt extinguishment (long-term liabilities - convertible senior notes) were included in total expense, the ratio for the nine months ended September 30, 2014 would be 10.38%. There was no loss on debt extinguishment (long-term liabilities - convertible senior notes) in the nine months ended September 30, 2013 so the ratio for that period would not change.

10. Commitments and Contingencies

The Company's commitments and contingencies consist primarily of unused commitments to extend credit in the form of loans to the Company's portfolio companies. The balance of unfunded contractual commitments to extend credit at September 30, 2014 totaled approximately \$242.5 million. Approximately \$138.5 million of these unfunded contractual commitments as of September 30, 2014 are dependent upon the portfolio company reaching certain milestones before the debt commitment becomes available. Since a portion of these commitments may expire without being drawn, unfunded contractual commitments do not necessarily represent future cash requirements. In addition, the Company had approximately \$223.0 million of non-binding term sheets outstanding at September 30, 2014. Non-binding outstanding term sheets are subject to completion of the Company's due diligence and final investment committee approval process, as well as the negotiation of definitive documentation with the prospective portfolio companies. These non-binding term sheets generally convert to contractual commitments in approximately 90 days from signing. Not all non-binding term sheets are expected to close and do not necessarily represent the Company's future cash requirements.

Certain premises are leased under agreements which expire at various dates through March 2020. Total rent expense amounted to approximately \$397,000 and \$1.2 million during the three and nine months ended September 30, 2014. There was approximately \$296,000 and \$900,000 recorded in the same periods ended September 30, 2013, respectively. Future commitments under the credit facility and operating leases were as follows at September 30, 2014:

		Payments due by period (in thousands)			
		Less than			After
		1	1 - 3	3 - 5	5
Contractual Obligations ⁽¹⁾⁽²⁾	Total	year	years	years	years
Borrowings ⁽³⁾⁽⁴⁾	\$531,527	\$363	\$67,600	\$	