ZEBRA TECHNOLOGIES Corp
Form 4
September 01, 2009

FORM 4

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

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
KAPUT JIM L

(Last) (First) (Middle)

C/O ZEBRA TECHNOLOGIES CORPORATION, 475 HALF DAY ROAD, SUITE 500

(Street)

LINCOLNSHIRE, IL 60069

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
ZEBRA TECHNOLOGIES Corp [ZBRA]

3. Date of Earliest Transaction (Month/Day/Year)
08/31/2009

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
SVP, General Counsel & Secy

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Class A Common Stock	08/31/2009		A		16,000 (1)	A	$ 0	16,000	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Appreciation Right	$ 24.99	08/31/2009		A		25,500		(2)	08/31/2019	Class A Common Stock	25,50

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KAPUT JIM L C/O ZEBRA TECHNOLOGIES CORPORATION 475 HALF DAY ROAD, SUITE 500 LINCOLNSHIRE, IL 60069			SVP, General Counsel & Secy	

Signatures

/s/ Jim L. Kaput	09/01/2009
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Restricted shares that will vest on August 31, 2012.

(2) This stock appreciation right vests with respect to 6,375 shares on August 31, 2010; 6,375 shares on August 31, 2011; 6,375 shares on August 31, 2012; and 6,375 shares on August 31, 2013.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. E="border-top:1px solid #000000">

Total Debt Clean Tech (14.24%)*

61,306 61,380

Total Debt (135.90%)

589,192 585,767

See notes to consolidated financial statements.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2011

(dollars in thousands)

Portfolio Company	Industry	Type of Investment(1)	Series	Shares	Cost(2)	Value(3)
Acceleron Pharmaceuticals, Inc.	Drug Discovery	Common Stock Warrants		46,446	$ 39	$ 42
	& Development	Preferred Stock Warrants	Series A	426,000	69	273
		Preferred Stock Warrants	Series B	110,270	35	51
Total Warrants Acceleron Pharmaceuticals, Inc.				582,716	143	366
Anthera Pharmaceuticals Inc.	Drug Discovery	Common Stock Warrants		176,786	541	551
	& Development	Common Stock Warrants		144,643	443	451
Total Warrants Anthera Pharmaceuticals Inc.				321,429	984	1,002
Dicerna Pharmaceuticals, Inc.	Drug Discovery	Preferred Stock Warrants	Series A	525,000	236	69
	& Development	Common Stock Warrants		50,000	28	0
		Preferred Stock Warrants	Series B	660,000	311	137
Total Warrants Dicerna Pharmaceuticals, Inc.				1,235,000	575	206
EpiCept Corporation(5)	Drug Discovery & Development	Common Stock Warrants		325,204	4	15
Total Warrants EpiCept Corporation				325,204	4	15
Concert Pharmaceuticals	Drug Discovery & Development	Preferred Stock Warrants	Series C	200,000	234	233
Total Concert Pharmaceuticals				200,000	234	233
NextWave Pharmaceuticals	Drug Discovery & Development	Preferred Stock Warrants	Series A-1	540,216	126	125
Total NextWave Pharmaceuticals				540,216	126	125
Horizon Therapeutics, Inc.	Drug Discovery & Development	Common Stock Warrants		22,408	231	
Total Horizon Therapeutics, Inc.				22,408	231	
Merrimack Pharmaceuticals, Inc.	Drug Discovery & Development	Preferred Stock Warrants	Series D	302,143	155	1,116
Total Merrimack Pharmaceuticals, Inc.				302,143	155	1,116
Paratek Pharmaceuticals, Inc.	Drug Discovery & Development	Preferred Stock Warrants	Series F	210,473	137	68
Total Paratek Pharmaceuticals, Inc.				210,473	137	68
PolyMedix, Inc.	Drug Discovery & Development	Common Stock Warrants		627,586	480	97
Total PolyMedix, Inc.				627,586	480	97

Portola Pharmaceuticals, Inc.	Drug Discovery & Development	Preferred Stock Warrants	Series B	687,023	152	207
Total Portola Pharmaceuticals, Inc.				687,023	152	207
Aegerion Pharmaceuticals, Inc.	Drug Discovery & Development	Common Stock Warrants		107,779	69	1,115
Total Aegerion Pharmaceuticals, Inc.				107,779	69	1,115

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(dollars in thousands)

Portfolio Company	Industry	Type of Investment[1]	Series	Shares	Cost[2]	Value[3]
Chroma Therapeutics, Ltd.[5]	Drug Discovery & Development	Preferred Stock Warrants	Series D	325,261	$ 490	$ 387
Total Chroma Therapeutics, Ltd.				325,261	490	387
NeurogesX, Inc.	Drug Discovery & Development	Common Stock Warrants		791,667	503	122
Total NeurogesX, Inc.				791,667	503	122
Total Warrants Drug Discovery & Development (1.17%)*				6,278,905	4,283	5,059
Affinity Videonet, Inc.	Communications & Networking	Preferred Stock Warrants	Series A	201,031	102	165
Total Affinity Videonet, Inc.				201,031	102	165
IKANO Communications, Inc.	Communications & Networking	Preferred Stock Warrants	Series D	296,344	45	
		Preferred Stock Warrants	Series D	451,354	72	
Total IKANO Communications, Inc.				747,698	117	
Intelepeer, Inc.	Communications & Networking	Preferred Stock Warrants	Series C	117,958	101	92
Total Intelepeer, Inc.				117,958	101	92
Neonova Holding Company	Communications & Networking	Preferred Stock Warrants	Series A	450,000	94	28
Total Neonova Holding Company				450,000	94	28
Pac-West Telecomm, Inc.	Communications & Networking	Common Stock Warrants		54,688	121	
Total Pac-West Telecomm, Inc.				54,688	121	
PeerApp, Inc.	Communications & Networking	Preferred Stock Warrants	Series B	298,779	61	23

Total PeerApp, Inc.(5)				298,779	61	23
Peerless Network, Inc.	Communications & Networking	Preferred Stock Warrants	Series A	135,000	95	206
Total Peerless Network, Inc.				135,000	95	206
Ping Identity Corporation	Communications & Networking	Preferred Stock Warrants	Series B	1,136,277	52	109
Total Ping Identity Corporation				1,136,277	52	109
PointOne, Inc.	Communications & Networking	Common Stock Warrants		145,877	131	5
Total PointOne, Inc.				145,877	131	5
Purcell Systems, Inc.	Communications & Networking	Preferred Stock Warrants	Series B	110,000	123	121

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(dollars in thousands)

Portfolio Company	Industry	Type of Investment[1]	Series	Shares	Cost[2]	Value[3]
Total Purcell Systems, Inc.				110,000	$ 123	$ 121
Stoke, Inc[4]	Communications & Networking	Preferred Stock Warrants	Series C	158,536	53	149
		Preferred Stock Warrants	Series D	72,727	65	81
Total Stoke, Inc.				231,263	118	230
Total Warrants Communications & Networking (0.23%)*				3,628,571	1,115	979
Atrenta, Inc.	Software	Preferred Stock Warrants	Series C	1,196,847	136	815
		Preferred Stock Warrants	Series D	356,973	95	284
Total Atrenta, Inc.				1,553,820	231	1,099
Blurb, Inc.	Software	Preferred Stock Warrants	Series B	439,336	323	855
		Preferred Stock Warrants	Series C	234,280	636	636
Total Blurb, Inc.				673,616	959	1,491
Braxton Technologies, LLC.	Software	Preferred Stock Warrants	Series A	168,750	189	
Total Braxton Technologies, LLC.				168,750	189	
Bullhorn, Inc.	Software	Preferred Stock Warrants	Series C	122,807	43	229
Total Bullhorn, Inc.				122,807	43	229
Central Desktop, Inc.	Software	Preferred Stock Warrants	Series B	522,823	108	398
Total Central Desktop, Inc.				522,823	108	398
Clickfox, Inc.	Software	Preferred Stock Warrants	Series B	1,038,563	329	522
Total Clickfox, Inc.				1,038,563	329	522
Forescout Technologies, Inc.	Software	Preferred Stock Warrants		399,687	99	142

			Series D			
Total Forescout Technologies, Inc.				399,687	99	142
HighRoads, Inc.	Software	Preferred Stock Warrants	Series B	190,176	45	7
Total HighRoads, Inc.				190,176	45	7
Kxen, Inc.	Software	Preferred Stock Warrants	Series D	184,614	47	22
Total Kxen, Inc.				184,614	47	22
RichRelevance, Inc.	Software	Preferred Stock Warrants	Series D	112,749	98	12
Total RichRelevance, Inc.				112,749	98	12
Rockyou, Inc.	Software	Preferred Stock Warrants	Series B	41,266	116	1
Total Rockyou, Inc.				41,266	116	1
Sportvision, Inc.	Software	Preferred Stock Warrants	Series B	259,139	39	

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(dollars in thousands)

Portfolio Company	**Industry**	**Type of Investment(1)**	**Series**	**Shares**	**Cost(2)**	**Value(3)**
Total Sportvision, Inc.				259,139	$ 39	$
SugarSync Inc.	Software	Preferred Stock Warrants	Series CC	332,726	78	162
Total SugarSync Inc.				332,726	78	162
Daegis Inc. (pka Unify Corporation)	Software	Common Stock Warrants		718,860	1,434	237
Total Daegis Inc.				718,860	1,434	237
White Sky, Inc.	Software	Preferred Stock Warrants	Series B-2	124,295	54	3
Total White Sky, Inc.				124,295	54	3
Tada	Software	Preferred Stock Warrants	Series A	20,833	25	25
Total Tada				20,833	25	25
WildTangent, Inc.	Software	Preferred Stock Warrants	Series 3A	100,000	238	22
Total WildTangent, Inc.				100,000	238	22
Total Warrants Software (1.01%)*				6,564,724	4,132	4,372
Luminus Devices, Inc.	Electronics & Computer Hardware	Common Stock Warrants		6,681	334	
		Common Stock Warrants		3,341	84	
		Common Stock Warrants		16,364	183	
Total Luminus Devices, Inc.				26,386	601	
Shocking Technologies, Inc.	Electronics & Computer Hardware	Preferred Stock Warrants	Series A-1	181,818	63	196
Total Shocking Technologies, Inc.				181,818	63	196
Total Warrant Electronics & Computer Hardware (0.05%)*				208,204	664	196
Althea Technologies, Inc.		Preferred Stock Warrants		502,273	309	516

	Specialty Pharmaceuticals		Series D			
Total Althea Technologies, Inc.				502,273	309	516
Pacira Pharmaceuticals, Inc.	Specialty Pharmaceuticals	Common Stock Warrants		178,987	1,086	425
Total Pacira Pharmaceuticals, Inc.				178,987	1,086	425
Quatrx Pharmaceuticals Company	Specialty Pharmaceuticals	Preferred Stock Warrants	Series E	340,534	528	
Total Quatrx Pharmaceuticals Company				340,534	528	
Total Warrants Specialty Pharmaceuticals (0.22%)*				1,021,794	1,923	941

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(dollars in thousands)

Portfolio Company	Industry	Type of Investment[1]	Series	Shares	Cost[2]	Value[3]
Annie s, Inc.	Consumer & Business Products	Preferred Stock Warrants	Series A	65,000	$ 321	$ 250
Total Annie s, Inc.				65,000	321	250
IPA Holdings, LLC	Consumer & Business Products	Common Stock Warrants		650,000	275	58
Total IPA Holding, LLC				650,000	275	58
Market Force Information, Inc.	Consumer & Business Products	Preferred Stock Warrants	Series A	99,286	24	118
Total Market Force Information, Inc.				99,286	24	118
Wageworks, Inc.	Consumer & Business Products	Preferred Stock Warrants	Series C	423,529	252	2,495
Total Wageworks, Inc.				423,529	252	2,495
Seven Networks, Inc.	Consumer & Business Products	Preferred Stock Warrants	Series C	1,821,429	174	
Total Seven Networks, Inc.				1,821,429	174	
Total Warrant Consumer & Business Products (0.68%)*				3,059,244	1,046	2,921
Achronix Semiconductor Corporation	Semiconductors	Preferred Stock Warrants	Series D	360,000	160	145
Total Achronix Semiconductor Corporation				360,000	160	145
Enpirion, Inc.	Semiconductors	Preferred Stock Warrants	Series D	239,872	157	
Total Enpirion, Inc.				239,872	157	
iWatt, Inc.	Semiconductors	Preferred Stock Warrants	Series C	558,748	46	3
		Preferred Stock Warrants	Series D	1,954,762	582	10

Total iWatt, Inc.				2,513,510	628	13
Kovio Inc.	Semiconductors	Preferred Stock Warrants	Series B	319,352	92	4
Total Kovio Inc.				319,352	92	4
NEXX Systems, Inc.	Semiconductors	Preferred Stock Warrants	Series D	2,941,176	297	1,328
Total NEXX Systems, Inc.				2,941,176	297	1,328
Quartics, Inc.	Semiconductors	Preferred Stock Warrants	Series C	69,139	53	
Total Quartics, Inc.				69,139	53	
Total Warrants Semiconductors (0.35%)*				6,443,049	1,387	1,490

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(dollars in thousands)

Portfolio Company	Industry	Type of Investment(1)	Series	Shares	Cost(2)	Value(3)
AcelRX Pharmaceuticals, Inc.	Drug Delivery	Common Stock Warrants		137,254	$ 178	$ 41
		Common Stock Warrants		137,254	178	41
Total AcelRX Pharmaceuticals, Inc.				274,508	356	82
Alexza Pharmaceuticals, Inc.(4)	Drug Delivery	Common Stock Warrants		376,394	645	72
Total Alexza Pharmaceuticals, Inc.				376,394	645	72
BIND Biosciences, Inc.	Drug Delivery	Preferred Stock Warrants	Series C-1	150,000	291	427
Total BIND Biosciences, Inc.				150,000	291	427
Merrion Pharmaceuticals, Inc.(5)	Drug Delivery	Common Stock Warrants		1,453,519	214	194
Total Merrion Pharmaceuticals, Inc.				1,453,519	214	194
Transcept Pharmaceuticals, Inc.	Drug Delivery	Common Stock Warrants		24,581	36	62
		Common Stock Warrants		36,871	51	93
Total Transcept Pharmaceuticals, Inc.				61,452	87	155
Revance Therapeutics, Inc.	Drug Delivery	Preferred Stock Warrants	Series D	269,663	557	565
Total Revance Therapeutics, Inc.				269,663	557	565
Total Warrant Drug Delivery (0.35%)*				2,585,536	2,150	1,495
Gelesis	Therapeutic	Preferred Stock Warrants	Series A-1	263,688	78	106
Total Gelesis				263,688	78	106
BARRX Medical, Inc.	Therapeutic	Preferred Stock Warrants	Series C	66,667	76	189
Total BARRX Medical, Inc.				66,667	76	189
EKOS Corporation	Therapeutic	Preferred Stock Warrants	Series C	4,448,135	327	

Total EKOS Corporation				4,448,135	327	
Gynesonics, Inc.	Therapeutic	Preferred Stock Warrants	Series A	123,457	17	17
			Series C	1,087,497	211	216
Total Gynesonics, Inc.				1,210,954	228	233
Light Science Oncology, Inc.	Therapeutic	Preferred Stock Warrants	Series B	38,829	99	
Total Light Science Oncology, Inc.				38,829	99	
Novasys Medical, Inc.	Therapeutic	Preferred Stock Warrants	Series D	526,840	125	13
Total Novasys Medical, Inc.				526,840	125	13
Oraya Therapeutics, Inc.	Therapeutic	Preferred Stock Warrants	Series C	477,966	551	551

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Portfolio Company	Industry	Type of Investment(1)	Series	Shares	Cost(2)	Value(3)
Total Oraya Therapeutics, Inc.				477,966	$ 551	$ 551
Total Warrants Therapeutic (0.25%)*				7,033,079	1,484	1,092
Cozi Group, Inc.	Internet Consumer & Business Services	Preferred Stock Warrants	Series A	303,872	147	
Total Cozi Group, Inc.				303,872	147	
Invoke Solutions, Inc.	Internet Consumer & Business Services	Common Stock Warrants		12,698	6	
		Common Stock Warrants		13,068	6	
		Common Stock Warrants		13,467	11	
		Common Stock Warrants		13,851	15	
		Common Stock Warrants		97,657	44	
Total Invoke Solutions, Inc.				150,741	82	
InXpo, Inc.	Internet Consumer & Business Services	Preferred Stock Warrants	Series C	648,400	98	56
Total InXpo, Inc.				648,400	98	56
Prism Education Group, Inc.	Internet Consumer & Business Services	Preferred Stock Warrants	Series B	200,000	43	
Total Prism Education Group, Inc.				200,000	43	
RazorGator Interactive Group, Inc.	Internet Consumer & Business Services	Preferred Stock Warrants	Series C	863,599	1,224	
Total RazorGator Interactive Group, Inc.				863,599	1,224	
Reply! Inc.(4)	Internet Consumer & Business Services	Preferred Stock Warrants	Series B	137,225	320	395

Total Reply! Inc.				137,225	320	395
Trulia, Inc.	Internet Consumer & Business Services	Preferred Stock Warrants	Series D	168,165	188	413
Total Trulia, Inc.				168,165	188	413
Tectura Corporation	Internet Consumer & Business Services	Preferred Stock Warrants	Series B-1	253,378	51	26
Total Tectura Corporation				253,378	51	26
Total Warrants Internet Consumer & Business Services (0.21%)				2,725,380	2,153	890
Lilliputian Systems, Inc.	Energy	Preferred Stock Warrants	Series AA	235,294	106	
		Common Stock Warrants		34,939	49	

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Portfolio Company	Industry	Type of Investment[1]	Series	Shares	Cost[2]	Value[3]
Total Lilliputian Systems, Inc.				270,233	$ 155	$
Total Warrants Energy (0.00%)*				270,233	155	
Box.net, Inc.	Information Services	Preferred Stock Warrants	Series C	199,219	117	1,557
		Preferred Stock Warrants	Series B	271,070	73	2,280
		Preferred Stock Warrants	Series D-1	62,255	193	233
Total Box.net, Inc.				532,544	383	4,070
Buzznet, Inc.	Information Services	Preferred Stock Warrants	Series B	19,962	9	
Total Buzznet, Inc.				19,962	9	
Cha Cha Search, Inc.	Information Services	Preferred Stock Warrants	Series F	48,232	58	1
Total Cha Cha Search, Inc.				48,232	58	1
Magi.com (pka Hi5 Networks, Inc.)	Information Services	Preferred Stock Warrants	Series B	1,104,020	213	
Total Magi.com				1,104,020	213	
Jab Wireless, Inc.	Information Services	Preferred Stock Warrants	Series A	266,567	265	332
Total Jab Wireless, Inc.				266,567	265	332
Solutionary Inc.	Information Services	Preferred Stock Warrants	Series E	117,171	96	
Total Solutionary, Inc.				117,171	96	
Intelligent Beauty, Inc.	Information Services	Preferred Stock Warrants	Series B	190,234	230	83
Total Intelligent Beauty, Inc.				190,234	230	83
Zeta Interactive Corporation	Information Services	Preferred Stock Warrants	Series A	620,000	172	237
Total Zeta Interactive Corporation				620,000	172	237
Total Warrants Information Services (1.10%)				2,898,730	1,426	4,723

Optiscan Biomedical, Corp.	Diagnostic	Preferred Stock Warrants	Series A	1,113,403	80	150
		Preferred Stock Warrants	Series B	3,092,784	680	453
		Preferred Stock Warrants	Series C	2,000,000	309	269
Total Optiscan Biomedical, Corp.				6,206,187	1,069	872
Total Warrants Diagnostic (0.20%)*				6,206,187	1,069	872
deCODE genetics ehf.	Biotechnology Tools	Preferred Stock Warrants	Series A-2	135,871	305	305
Total deCODE genetics ehf.				135,871	305	305
Labcyte, Inc.	Biotechnology Tools	Common Stock Warrants	Series C	840,817	197	263
Total Labcyte, Inc.				840,817	197	263
Cempra Holdings LLC	Biotechnology Tools	Preferred Stock Warrants	Series C	370,714	187	186
Total Cempra Holdings LLC				370,714	187	186
NuGEN Technologies, Inc.	Biotechnology Tools	Preferred Stock Warrants	Series B	204,545	45	203
		Preferred Stock Warrants	Series C	30,114	33	15

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Portfolio Company	Industry	Type of Investment(1)	Series	Shares	Cost(2)	Value(3)
Total NuGEN Technologies, Inc.				234,659	$ 78	$ 218
Total Warrants Biotechnology Tools (0.23%)*				1,582,061	767	972
Entrigue Surgical, Inc.	Surgical Devices	Preferred Stock Warrants	Series B	62,500	87	85
Total Entrigue Surgical, Inc.				62,500	87	85
Transmedics, Inc. (4)	Surgical Devices	Preferred Stock Warrants	Series B	40,436	225	
Total Transmedics, Inc.				40,436	225	
Total Warrants Surgical Devices (0.02%)*				102,936	312	85
Glam Media, Inc.	Media/Content/Info	Preferred Stock Warrants	Series D	407,457	482	2
Total Glam Media, Inc.				407,457	482	2
Neoprobe (pka Navidea)	Media/Content/Info	Common Stock Warrants		333,333	244	245
Total Neoprobe (pka Navidea)				333,333	244	245
Everyday Health, Inc. (Waterfront Media, Inc.)	Media/Content/Info	Preferred Stock Warrants	Series C	110,018	60	504
Total Everyday Health				110,018	60	504
Total Warrants Media/Content/Info (0.17%)*				850,808	786	751
BrightSource Energy, Inc.(4)	Clean Tech	Preferred Stock Warrants	Series D	130,120	675	834
Total BrightSource Energy, Inc.				130,120	675	834
Calera, Inc.	Clean Tech	Preferred Stock Warrants	Series C	44,529	513	475
Total Calera, Inc.				44,529	513	475
EcoMotors, Inc.	Clean Tech	Preferred Stock Warrants	Series B	218,750	154	323
		Preferred Stock Warrants	Series B	218,750	154	323
Total EcoMotors, Inc.				437,500	308	646

Enphase Energy, Inc.	Clean Tech	Preferred Stock Warrants	Series E	330,882	102	49
Total Enphase Energy, Inc.				330,882	102	49
GreatPoint Energy, Inc.	Clean Tech	Preferred Stock Warrants	Series D-1	393,212	548	208
Total GreatPoint Energy, Inc.				393,212	548	208
NanoSolar, Inc.	Clean Tech	Preferred Stock Warrants	Series D	76,353	355	355
Total NanoSolar, Inc.				76,353	355	355
Propel Biofuels, Inc.	Clean Tech	Preferred Stock Warrants	Series C	3,200,000	211	170
Total Propel Biofuels, Inc.				3,200,000	211	170
SCIenergy, Inc.	Clean Tech	Preferred Stock Warrants		5,792	8	2
		Preferred Stock Warrants	Series C	92,673	130	30
Total SCIenergy, Inc.				98,465	138	32
Solexel, Inc.	Clean Tech	Preferred Stock Warrants	Series B	245,682	1,161	275

See notes to consolidated financial statements.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2011

(dollars in thousands)

Portfolio Company	Industry	Type of Investment(1)	Series	Shares	Cost(2)	Value(3)
Total Solexel, Inc.				245,682	$ 1,161	$ 275
Trilliant, Inc.	Clean Tech	Preferred Stock Warrants	Series A	320,000	162	82
Total Trilliant, Inc.				320,000	162	82
Integrated Photovoltaics	Clean Tech	Preferred Stock Warrants	Series A-1	390,000	82	81
Total Integrated Photovoltaics				390,000	82	81
Total Warrants Clean Tech (0.74%)*				5,666,743	4,255	3,207
Total Warrants (6.97%)					29,107	30,045
Aegerion Pharmaceuticals, Inc.	Drug Discovery & Development	Common Stock		144,017	1,092	2,411
Total Aegerion Pharmaceuticals, Inc.				144,017	1,092	2,411
Aveo Pharmaceuticals	Drug Discovery & Development	Common Stock		167,864	842	2,887
Total Aveo Pharmaceuticals				167,864	842	2,887
Dicerna Pharmaceuticals, Inc.	Drug Discovery & Development	Preferred Stock	Series B	502,684	503	374
Total Dicerna Pharmaceuticals, Inc.				502,684	503	374
Inotek Pharmaceuticals Corp.	Drug Discovery & Development	Preferred Stock	Series C	15,334	1,500	
Total Inotek Pharmaceuticals Corp.				15,334	1,500	
Merrimack Pharmaceuticals, Inc.	Drug Discovery & Development	Preferred Stock	Series E	546,448	2,000	3,825
Total Merrimack Pharmaceuticals, Inc.				546,448	2,000	3,825

Paratek Pharmaceuticals, Inc.	Drug Discovery & Development	Preferred Stock	Series H	244,158	1,000	1,231
Total Paratek Pharmaceuticals, Inc.				244,158	1,000	1,231
Total Equity Drug Discovery & Development (2.49%)*				1,620,505	6,937	10,728
Acceleron Pharmaceuticals, Inc.	Drug Delivery	Preferred Stock	Series C	93,456	243	163
Acceleron Pharmaceuticals, Inc.		Preferred Stock	Series E	43,488	98	138
Acceleron Pharmaceuticals, Inc.		Preferred Stock	Series F	19,268	60	61
Acceleron Pharmaceuticals, Inc.		Preferred Stock	Series B	600,601	1,000	724
Total Acceleron Pharmaceuticals, Inc.				756,813	1,401	1,086

See notes to consolidated financial statements.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2011

(dollars in thousands)

Portfolio Company	Industry	Type of Investment[1]	Series	Shares	Cost[2]	Value[3]
Transcept Pharmaceuticals, Inc.	Drug Delivery	Common Stock		41,570	$ 500	$ 325
Total Transcept Pharmaceuticals, Inc.				41,570	500	325
Total Equity Drug Delivery (0.33%)*				798,383	1,901	1,411
E-band Communications, Corp.[6]	Communications & Networking	Preferred Stock	Series B	564,972	2,000	
		Preferred Stock	Series C	649,998	372	
		Preferred Stock	Series D	847,544	508	
Total E-Band Communications, Corp.				2,062,514	2,880	
Neonova Holding Company	Communications & Networking	Preferred Stock	Series A	500,000	250	212
Total Neonova Holding Company				500,000	250	212
Peerless Network, Inc.	Communications & Networking	Preferred Stock	Series A	1,000,000	1,000	2,335
Total Peerless Network, Inc.				1,000,000	1,000	2,335
Stoke, Inc[4]	Communications & Networking	Preferred Stock	Series E	152,905	500	458
Total Stoke, Inc.				152,905	500	458
Total Equity Communications & Networking (0.70%)*				3,715,419	4,630	3,005
Atrenta, Inc.	Software	Preferred Stock	Series D	297,477	250	474
Total Atrenta, Inc.				297,477	250	474
Total Equity Software (0.11%)*				297,477	250	474
Maxvision Holding, LLC.[7]	Electronics & Computer	Common Stock		3,581,329	3,581	

	Hardware				
Total Maxvision Holding, LLC				3,581,329	3,581
Spatial Photonics, Inc.[8]	Electronics & Computer Hardware	Preferred Stock	Series D	4,717,813	268
Total Spatial Photonics Inc.				4,717,813	268
Total Equity Electronics & Computer Hardware (0.00%)*				8,299,142	3,849
Quatrx Pharmaceuticals Company	Specialty Pharmaceuticals	Preferred Stock	Series E	166,419	750
Total Quatrx Pharmaceuticals Company				166,419	750
Total Equity Specialty Pharmaceuticals (0.00%)*				166,419	750

See notes to consolidated financial statements.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2011

(dollars in thousands)

Portfolio Company	Industry	Type of Investment[1]	Series	Shares	Cost[2]	Value[3]
IPA Holdings, LLC	Consumer & Business Products	Preferred Stock	LLC Interest	500,000	$ 500	$ 360
Total IPA Holding, LLC				500,000	500	360
Market Force Information, Inc.	Consumer & Business Products	Preferred Stock	Series B	187,970	500	491
Total Market Force Information, Inc.				187,970	500	491
Caivis Acquisition Corporation	Consumer & Business Products	Common Stock		317,893	880	
Total Caivis Acquisition Corporation				317,893	880	
Wageworks, Inc.	Consumer & Business Products	Preferred Stock	Series D	38,520	250	388
Total Wageworks, Inc.				38,520	250	388
Total Equity Consumer & Business Products (0.29%)*				1,044,383	2,130	1,239
iWatt, Inc.	Semiconductors	Preferred Stock	Series E	2,412,864	490	984
Total iWatt, Inc.				2,412,864	490	984
NEXX Systems, Inc.	Semiconductors	Preferred Stock	Series D	1,273,392	277	802
Total NEXX Systems, Inc.				1,273,392	277	802
Total Equity Semiconductors (0.41%)*				3,686,256	767	1,786
BARRX Medical, Inc.	Therapeutic	Preferred Stock	Series C	750,000	1,500	3,628
Total BARRX Medical, Inc.				750,000	1,500	3,628
Gelesis	Therapeutic	Common Stock		674,208		108
		Preferred Stock	Series A-1	674,208	425	519
		Preferred Stock	Series A-2	675,676	500	520

Total Gelesis				2,024,092	925	1,147
Gynesonics, Inc	Therapeutic	Preferred Stock	Series B	219,298	250	156
Gynesonics, Inc		Preferred Stock	Series C	656,512	283	295
Total Gynesonics, Inc				875,810	533	451
Novasys Medical, Inc.	Therapeutic	Preferred Stock	Series D-1	4,118,444	1,000	799
Total Novasys Medical, Inc.				4,118,444	1,000	799
Total Equity Therapeutic (1.40%)*				7,768,346	3,958	6,025

See notes to consolidated financial statements.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2011

(dollars in thousands)

Portfolio Company	Industry	Type of Investment[1]	Series	Shares	Cost[2]	Value[3]
Cozi Group, Inc.	Internet Consumer & Business Services	Preferred Stock	Series B	218,251	$ 177	$ 44
Total Cozi Group, Inc.				218,251	177	44
RazorGator Interactive Group, Inc.	Internet Consumer & Business Services	Preferred Stock	Series A	347,827	1,000	
Total RazorGator Interactive Group, Inc.				347,827	1,000	
Total Equity Internet Consumer & Business Services (0.01%)				566,078	1,177	44
Box.net, Inc.	Information Services	Preferred Stock	Series C	390,625	500	3,543
		Preferred Stock	Series D	282,638	1,500	2,564
Total Box.net, Inc.				673,263	2,000	6,107
Buzznet, Inc.	Information Services	Preferred Stock	Series C	263,158	250	26
Total Buzznet, Inc.				263,158	250	26
Magi.com (pka Hi5 Networks, Inc.)	Information Services	Preferred Stock	Series C	8,232,092	250	247
Total Magi.com				8,232,092	250	247
Solutionary, Inc.	Information Services	Preferred Stock	Series E	50,505	250	55
Total Solutionary, Inc.				50,505	250	55
Good Technologies, Inc. (Visto Inter)	Information Services	Common Stock		500,000	603	90
Total Good Technologies, Inc.				500,000	603	90
Zeta Interactive Corporation	Information Services	Preferred Stock	Series A	500,000	500	629

Total Zeta Interactive Corporation				500,000	500	629
Total Equity Information Services (1.66%)				10,219,018	3,853	7,154
Novadaq Technologies, Inc.[(5)]	Diagnostic	Common Stock		136,983	1,057	671
Total Novadaq Technologies, Inc. [(5)]				136,983	1,057	671
Optiscan Biomedical, Corp.	Diagnostic	Preferred Stock	Series B	6,185,567	655	711
		Preferred Stock	Series C	1,927,309	3,000	1,757

See notes to consolidated financial statements.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2011

(dollars in thousands)

Portfolio Company	Industry	Type of Investment(1)	Series	Shares	Cost(2)	Value(3)
Total Optiscan Biomedical, Corp.				8,112,876	$ 3,655	$ 2,468
Total Equity Diagnostic (0.73%)*				8,249,859	4,712	3,139
Kamada, LTD.	Biotechnology Tools	Common Stock		71,490	427	384
Total Kamada, LTD.				71,490	427	384
NuGEN Technologies, Inc.	Biotechnology Tools	Preferred Stock	Series C	189,394	500	473
Total NuGEN Technologies, Inc.				189,394	500	473
Total Equity Biotechnology Tools (0.20%)*				260,884	927	857
Transmedics, Inc. (4)	Surgical Devices	Preferred Stock	Series C	119,999	300	
		Preferred Stock	Series D	88,961	1,100	
Total Transmedics, Inc.				208,960	1,400	
Total Equity Surgical Devices (0.00%)*				208,960	1,400	
Everyday Health, Inc. (Waterfront Media, Inc.)	Media/ Content/ Info	Preferred Stock	Series D	145,590	1,000	1,196
Total Everyday Health				145,590	1,000	1,196
Total Equity Media/Content/Info (0.28%)*				145,590	1,000	1,196
Total Equity (8.60%)					38,241	37,058
Total Investments (151.47%)					$ 656,540	$ 652,870

* 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 $34,519, $39,387 and $4,868 respectively. The tax cost of investments is $658,010

(3) Except for warrants in thirteen publicly traded companies and common stock in five publicly traded companies, all investments are restricted at December 31, 2011 and were valued at fair value as determined in good faith by 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 as 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 owners as least 25% but not more than 50% of the voting securities of the company
(8) Debt is on non-accrual status at December 31, 2011, and is therefore considered non-income producing.

See notes to consolidated financial statements.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

	For the Years Ended December 31,		
(Dollars in thousands, except per share data)	**2012**	**2011**	**2010**
Investment Income:			
Interest income			
Non Control/Non Affliate investments	$ 85,258	$ 69,552	$ 51,417
Affliate investments	2,345		
Control investments.		794	3,283
Total interest income	87,603	70,346	54,700
Fees			
Non Control/Non Affliate investments	9,897	9,400	5,045
Affliate investments	20	14	
Control investments		95	(271)
Total fees	9,917	9,509	4,774
Total investment income	97,520	79,855	59,474
Operating expenses:			
Interest	19,835	13,252	8,572
Loan fees	3,917	2,635	1,259
General and administrative	8,108	7,992	7,086
Employee Compensation:			
Compensation and benefits	13,326	13,260	10,474
Stock-based compensation	4,227	3,128	2,709
Total employee compensation	17,553	16,388	13,183
Total operating expenses	49,413	40,267	30,100
Net investment income	48,107	39,588	29,374
Net realized gains (losses) on invesmtents			
Non Control/Non Affliate investments	3,168	2,741	(28,873)
Control investments			2,491
Total net realized (loss) gain on investments	3,168	2,741	(26,382)
Net increase (decrease) in unrealized appreciation on investments			
Non Control/Non Affliate investments	(2,448)	(3,976)	1,118
Affliate investments	(2,068)	3,425	795
Control investments		5,158	77
Total net unrealized (depreciation) appreciation on investments	(4,516)	4,607	1,990
Total net realized and unrealized gain (loss)	(1,348)	7,348	(24,392)
Net increase in net assets resulting from operations	$ 46,759	$ 46,936	$ 4,982

Net investment income and investment gains and losses per common share:

Basic	$ 0.96	$ 0.91	$ 0.80
Change in net assets per common share:			
Basic	$ 0.93	$ 1.08	$ 0.12
Diluted	$ 0.93	$ 1.07	$ 0.12
Weighted average shares outstanding			
Basic	49,068	42,988	36,156
Diluted	49,156	43,299	36,870

See notes to consolidated financial statements.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(in thousands)

	Common Stock							
	Shares	Par Value	Capital in excess of par value	Unrealized Appreciation on Investments	Accumulated Realized Gains (Losses) on Investments	Distributions from Net Investment Income	Provision for Income Taxes on Investment Gains	Net Assets
Balance at January 1, 2010	35,634	$ 35	$ 409,036	$ (10,028)	$ (28,129)	$ (4,057)	$ (342)	$ 366,515
Net increase in net assets resulting from operations				1,990	(26,382)	29,374		4,982
Issuance of common stock	531	1	2,661					2,662
Issuance of common stock under restricted stock plan	485							
Acquisition of common stock under repurchase plan	(403)		(3,699)					(3,699)
Issuance of common stock under dividend reinvestment plan	199		1,927					1,927
Retired shares from net issuance	(189)		(1,934)					(1,934)
Public Offering	7,187	7	68,097					68,104
Dividends declared						(28,816)		(28,816)
Stock-based compensation			2,790					2,790
Tax Reclassification of stockholders equity in accordance with generally accepted accounting principles			(1,329)		3,478	(2,149)		
Balance at December 31, 2010	43,444	$ 43	$ 477,549	$ (8,038)	$ (51,033)	$ (5,648)	$ (342)	$ 412,531
Net increase in net assets resulting from operations		$	$	$ 4,607	$ 2,741	$ 39,588	$	$ 46,936
Issuance of common stock	188	1	981					982
Issuance of common stock under restricted stock plan	140							
Issuance of common stock as stock dividend	167		1,649					1,649
Retired shares from net issuance	(86)		(952)					(952)
Issuance of the Convertible Senior Notes (see Note 4)			5,190					5,190
Dividends declared						(38,490)		(38,490)
Stock-based compensation			3,195					3,195
Tax Reclassification of stockholders equity in accordance with generally accepted accounting principles			(3,368)		5,250	(1,882)		
Balance at December 31, 2011	43,853	$ 44	$ 484,244	$ (3,431)	$ (43,042)	$ (6,432)	$ (342)	$ 431,041
Net increase in net assets resulting from operations		$	$	$ (4,516)	$ 3,168	$ 48,107	$	$ 46,759
Issuance of common stock	578	1	3,287					3,288
Issuance of common stock under restricted stock plan	505							
Issuance of common stock as stock dividend	219		2,305					2,305
Retired shares from net issuance	(330)		(4,625)					(4,625)
Public Offering	8,100	8	80,872					80,880
Dividends declared						(47,983)		(47,983)
Stock-based compensation			4,303					4,303
			(5,878)		2,958	2,920		

Tax Reclassification of stockholders equity in accordance with generally accepted accounting principles														
Balance at December 31, 2012	52,925	$	53	$ 564,508	$	(7,947)	$	(36,916)	$	(3,388)	$	(342)	$ 515,968

See notes to consolidated financial statements.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	For the Years Ended December 31, 2012	2011	2010
Cash flows from operating activities:			
Net increase in net assets resulting from operations	$ 46,759	$ 46,936	$ 4,982
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in and provided by operating activities:			
Purchase of investments	(507,098)	(445,066)	(322,331)
Principal payments received on investments	245,777	247,325	196,119
Proceeds from sale of investments	25,948	17,733	7,613
Net unrealized (appreciation) / depreciation on investments	4,516	(4,607)	(1,990)
Net realized (gain) / loss on investments	(3,048)	(2,741)	26,382
Net unrealized appreication due to lender			(13)
Accretion of paid-in-kind principal	(1,400)	(1,943)	(3,246)
Accretion of loan discounts	(5,441)	(6,999)	(4,526)
Accretion of loan discount on Convertible Senior Notes	1,083	767	
Accretion of loan exit fees	(3,986)	(94)	437
Change in deferred loan origination revenue	2,301	2,420	4,013
Unearned fees related to unfunded commitments	(1,900)	615	172
Amortization of debt fees and issuance costs	1,560	1,688	539
Depreciation	289	348	400
Stock-based compensation and amortization of restricted stock grants	4,303	3,195	2,790
Common stock issued in lieu of Director compensation			105
Change in operating assets and liabilities:			
Interest and fees receivable	(3,815)	(1,300)	(1,200)
Prepaid expenses and other assets	(988)	318	(276)
Accounts payable	279	(563)	350
Income tax receivable / (payable)			(41)
Accrued liabilities	926	2,443	(3,529)
Net cash used in operating activities	(193,935)	(139,525)	(93,250)
Cash flows from investing activities:			
Purchases of capital equipment	(87)	(189)	(244)
Other long-term assets		(25)	350
Net cash provided by / (used in) investing activities	(87)	(214)	106
Cash flows from financing activities:			
Proceeds from issuance of common stock, net	79,647	30	68,727
Stock repurchase program			(3,699)
Dividends paid	(45,678)	(36,843)	(26,889)
Borrowings of credit facilities	64,000	92,500	39,400
Repayments of credit facilities	(74,228)	(27,313)	
Issuance of Convertible Senior Notes		75,000	
Issuance of 2019 Notes Payable	170,365		
Issuance of Asset-Backed Notes	129,300		
Cash paid for debt issuance costs	(10,864)	(3,110)	
Fees paid for credit facilities and debentures		(3,065)	(2,209)
Net cash provided by financing activities	312,542	97,199	75,330
Net increase / (decrease) in cash	118,520	(42,540)	(17,814)

Cash and cash equivalents at beginning of year	64,474	107,014	124,828
Cash and cash equivalents at end of year	$ 182,994	$ 64,474	$ 107,014
Supplemental disclosures:			
Interest paid	$ 18,928	$ 11,270	$ 8,274
Income taxes paid	$ 44	$ 66	$ 39
Stock divided	$ 2,305	$ 1,649	$ 1,927

See notes to consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 clean-technology industries at all stages of development. The Company sources its investments through its principal office located in Silicon Valley, as well as through its additional offices in Boston, MA, Boulder, CO 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 has elected to be treated for tax purposes as a regulated investment company, or RIC, under the Code (see Note 5).

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. 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).

HT II and HT III hold approximately $154.4 million and $250.8 million in assets, respectively, and accounted for approximately 10.5% and 17.0% of our total assets prior to consolidation at December 31, 2012.

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). The Company currently qualifies as a RIC for federal income tax purposes, which allows the Company to avoid paying corporate income taxes on any income or gains that the Company distributes to our stockholders. The purpose of establishing these entities is to satisfy the RIC tax requirement that at least 90% of the Company s gross income for income tax purposes is investment income.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The Consolidated Financial Statements include the accounts of the Company and its subsidiaries and all variable interest entities of which we are 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.

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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 its 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.

Valuation of Investments

The Company s investments are carried at fair value in accordance with the 1940 Act and Accounting Standards Codification (ASC) topic 820 Fair Value Measurements and Disclosures (formerly known as SFAS No. 157, Fair Value Measurements). At December 31, 2012, 80.7% 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 debt securities are primarily invested in venture capital-backed companies in technology-related markets, including technology, biotechnology, life science and clean 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 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 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.

Our Board of Directors may from time to time engage an independent valuation firm to provide the Company with valuation assistance with respect to certain of the Company s 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 or investment 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;

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(3) the valuation committee of the Board of Directors reviews the preliminary valuation of the investment committee which incorporates the results of the independent valuation firm as appropriate;

(4) the Board of Directors 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 valuation committee.

The Company adopted ASC 820 on January 1, 2008. ASC 820 establishes a framework for measuring the fair value of the 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 enhances disclosure requirements 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 but does not expand the use of fair value in any new circumstances. 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.

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In accordance with ASU 2011-04, the following table provides quantitative information about the Company s Level 3 fair value measurements of the Company s investments as of December 31, 2012. In addition to the techniques and inputs noted in the table 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 below table 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 Debt Investments	**Fair Value at December 31, 2012** *(in thousands)*	**Valuation Techniques/ Methodologies**	**Unobservable Input[a]**	**Range**
Pharmaceuticals Debt	$266,978	Market Comparable Companies	Hypothetical Market Yield	12.83% - 16.11%
			Premium/(Discount)	(2.0%) - 1.0%
		Option Pricing Model[b]	Average Industry Volatility[c]	57.67%
			Risk Free Interest Rate	0.190%
			Estimated Time to Exit (in months)	15.2
Medical Devices Debt	46,022	Market Comparable Companies	Hypothetical Market Yield	16.19%
			Premium	0.0% - 1.0%
Technology Debt	159,341	Market Comparable Companies	Hypothetical Market Yield	12.36% - 20.49%
			Premium/(Discount)	(1.5%) - 1.0%
		Liquidation	Investment Collateral	$0 - $7.4 million
Clean Tech Debt	91,305	Market Comparable Companies	Hypothetical Market Yield	12.69%
			Premium	0% - 1.0%
Lower Middle Market Debt	263,894	Market Comparable Companies	Hypothetical Market Yield	10.75% - 16.25%
			Premium	0.0% - 1.0%
		Broker Quote[d]	Price Quotes	78.0% -100% of par
			Market Comparable Index Yield Spreads	4.33% - 5.93%
			Par Value	$30.0 million
Total Level Three Debt Investments	$827,540			

(a) The significant unobservable inputs used in the fair value measurement of our 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 our 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.

Clean Tech, above, aligns with the Clean Tech Industry in the Schedule of Investments.

(b) An option pricing model valuation technique was used to derive the fair value of the conversion feature of convertible notes.
(c) Represents the range of industry volatility used by market participants when pricing the investment.
(d) A broker quote valuation technique was used to derive the fair value of loans which are part of a syndicated facility.

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Investment Type - Level Three Warrant and Equity Investments	Fair Value at December 31, 2012 *(in thousands)*	Valuation Techniques/ Methodologies	Unobservable Input[(a)]	Range
Warrant and Equity positions	$57,685	Market Comparable Companies	EBITDA Multiple[(b)]	1.43x -20.68x
			Revenue Multiple[(b)]	0.42x -16.98x
			Discount for Lack of Marketability[(c)]	10.4% -25.2%
Warrant positions additionally subject to:		Option Pricing Model	Average Industry Volatility[(d)]	46.49% -141.2%
			Risk-Free Interest Rate	0.17% - 0.46%
			Estimated Time to Exit (in months)	12 - 48
Total Level Three Warrant and Equity Investments	$57,685			

(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.

Debt Investments

The Company s debt securities are primarily invested in venture capital-backed companies in technology-related markets, including technology, biotechnology, life science and clean 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 these investment securities to be traded or exchanged.

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. 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 uses pricing on recently issued comparable debt securities to determine the baseline hypothetical market yields as of the measurement date. 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 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 yield and interest rate spreads of similar securities as of the measurement date. The Company values its syndicated loans 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 loan is doubtful or if under the in exchange premise when the value of a debt security was to be less than amortized cost of the investment. Conversely, where appropriate, the

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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 were to be 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 and warrants or other equity-related securities received. Any resulting discount on the loan 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. We have 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 December 31, 2012 and as of December 31, 2011. We transfer 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 year ended December 31, 2012, there were no transfers in between Levels 1 or 2.

		Investments at Fair Value as of December 31, 2012		
(in thousands)				
Description	**12/31/2012**	**Quoted Prices In Active Markets For Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Senior secured debt	$ 827,540	$	$	827,540
Preferred stock	33,889			33,889
Common stock	15,321	13,665		1,656
Warrants	29,550		7,410	22,140
	$ 906,300	$ 13,665	$ 7,410	$ 885,225

		Investments at Fair Value as of December 31, 2011		
(in thousands)				
Description	**12/31/2011**	**Quoted Prices In Active Markets For Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Senior secured debt	$ 585,767	$	$	$ 585,767
Preferred stock	30,289			30,289

Common stock	6,769	6,679		90
Warrants	30,045		3,761	26,284
	$ 652,870	$ 6,679	$ 3,761	$ 642,430

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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 years ended December 31, 2012 and December 31, 2011.

(in thousands)	Balance, January 1, 2012	Net Realized Gains (losses)[1]	Net change in unrealized appreciation or depreciation[2]	Purchases	Sales	Repayments	Exit	Gross Transfers into Level 3[3]	Gross Transfers out of Level 3[3]	Balances, December 31, 2012
Senior Debt	$ 585,767	$ (5,178)	$ (2,262)	$ 545,913	$ (2,000)	$ (294,294)	$		$ (406)	827,540
Preferred Stock	30,289	(733)	4,112	10,562	(6,553)			356	(4,144)	33,889
Common Stock	90	(16)	5,523	9,558	(45)				(13,453)	1,656
Warrants	$ 26,284	4,413	(2,453)	7,362	(9,211)				(4,256)	22,140
Total	$ 642,430	$ (1,514)	$ 4,920	$ 573,395	$ (17,809)	$ (294,294)	$	$ 356	$ (22,259)	$ 885,225

(in thousands)	Balance, January 1, 2011	Net Realized Gains (losses)[1]	Net change in unrealized appreciation or depreciation[2]	Purchases	Sales	Repayments	Exit	Gross Transfers into Level 3	Gross Transfers out of Level 3	Balances, December 31, 2011
Senior Debt	$ 394,198	$ (4,301)	$ 9,050	$ 454,640	$	$ (263,432)	$	$	$ (4,388)	$ 585,767
Subordinated Debt	7,420					(7,420)				
Preferred Stock	24,607	(1,441)	838	1,860				4,425		30,289
Common Stock	1,030		(940)							90
Warrants	17,401	(1,054)	5,243	6,507	(497)		(51)		(1,265)	$ 26,284
Total	$ 444,656	$ (6,796)	$ 14,191	$ 463,007	$ (497)	$ (270,852)	$ (51)	$ 4,425	$ (5,653)	$ 642,430

(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 or depreciation in the accompanying consolidated statements of operations.
(3) Transfers in to Level 3 relate to the conversion of E-Band Communications, Inc. debt to equity. Transfers out of Level 3 relate to the respective initial public offerings of Annie s, Inc., Cempra, Inc., Enphase Energy, Inc. Facebook, Inc., Merrimack Pharmaceuticals, Inc. Trulia, Inc. and WageWorks, Inc. to level 1.

For the year ended December 31, 2012, approximately $3.8 million in unrealized appreciation and $2.2 million in unrealized depreciation was recorded for equity and warrant Level 3 investments, respectively, relating to assets still held at the reporting date. For the same period, approximately $2.3 million in unrealized depreciation was recorded for Level 3 debt investments relating to assets still held at the reporting date.

For the year ended December 31, 2011, approximately $9.1 million and $3.8 million in unrealized appreciation was recorded for debt and warrant Level 3 investments, respectively, relating to assets still held at the reporting date. For the same period, approximately $480,000 in unrealized depreciation was recorded for equity Level 3 investments 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.

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The following table summarizes our realized and unrealized gain and loss and changes in our unrealized appreciation anddepreciation on control and affiliate investments for the years ended December 31, 2012 and December 31, 2011:

(in thousands)				Year Ended December 31, 2012		
Portfolio Company	**Type**	**Fair Value at December 31, 2012**	**Investment Income**	**Unrealized (Depreciation)/ Appreciation**	**Reversal of Unrealized (Depreciation)/ Appreciation**	**Realized Gain/(Loss)**
E-Band Communications, Corp	Non-Controlled Affiliate	$	$ 4	$ 18	$	$
Gelesis, Inc	Non-Controlled Affiliate	1,665	712	(672)	$	$
Optiscan BioMedical, Corp	Non-Controlled Affiliate	10,207	1,649	2,722		
Total		$ 11,872	$ 2,365	$ 2,068	$	$

(in thousands)				Year Ended December 31, 2011		
Portfolio Company	**Type**	**Fair Value at December 31, 2011**	**Investment Income**	**Unrealized (Depreciation)/ Appreciation**	**Reversal of Unrealized (Depreciation)/ Appreciation**	**Realized Gain/(Loss)**
MaxVision Holding, LLC	Control	$ 1,027	$ 889	$ (5,158)	$	$
E-Band Communications, Corp	Non-Controlled Affiliate		14	(3,425)		
Total		$ 1,027	$ 903	$ (8,583)	$	$

At December 31, 2012, the Company did not hold any Control Investments. The Company s investment in MaxVision Holding, L.L.C., a company that was a Control Investment as of December 31, 2011, was liquidated during the year ended December 31, 2012. On July 31, 2012, the Company received payment of $2.0 million for its total debt investments in Maxvision Holding, L.L.C. Approximately $8.7 million of realized losses and $10.5 million of net change in unrealized appreciation was recognized on this control debt and equity investment during the year ended December 31, 2012.

A summary of the composition of the Company s investment portfolio as of December 31, 2012 and December 31, 2011 at fair value is shown as follows:

	December 31, 2012		December 31, 2011	
(in thousands)	**Investments at Fair Value**	**Percentage of Total Portfolio**	**Investments at Fair Value**	**Percentage of Total Portfolio**
Senior secured debt with warrants	$ 652,041	72.0%	$ 482,268	73.9%
Senior secured debt	205,049	22.6%	133,544	20.4%
Preferred stock	33,885	3.7%	30,181	4.6%
Common Stock	15,325	1.7%	6,877	1.1%
	$ 906,300	100.0%	$ 652,870	100.0%

A summary of the Company s investment portfolio, at value, by geographic location as of December 31, 2012 and as of December 31, 2011 is shown as follows:

	December 31, 2012		December 31, 2011	
(in thousands)	**Investments at Fair Value**	**Percentage of Total Portfolio**	**Investments at Fair Value**	**Percentage of Total Portfolio**
United States	$ 901,041	99.4%	$ 634,736	97.2%
England	5,259	0.6%	8,266	1.3%
Iceland			4,970	0.7%
Ireland			3,842	0.6%
Canada			672	0.1%
Israel			384	0.1%
	$ 906,300	100.0%	$ 652,870	100.0%

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The following table shows the fair value the Company s portfolio by industry sector at December 31, 2012 and December 31, 2011:

	December 31, 2012		December 31, 2011	
(in thousands)	Investments at Fair Value	Percentage of Total Portfolio	Investments at Fair Value	Percentage of Total Portfolio
Drug Discovery & Development	$ 188,479	20.8%	$ 131,428	20.1%
Internet Consumer & Business Services	136,149	15.0%	117,542	18.0%
Clean Tech.	126,600	14.0%	64,587	9.9%
Drug Delivery	74,218	8.2%	62,665	9.6%
Software.	70,838	7.8%	27,850	4.3%
Medical Device & Equipment	54,575	6.0%		0.0%
Information Services	53,523	5.9%	45,850	7.0%
Media/Content/Info	51,534	5.7%	38,476	5.9%
Communications & Networking	37,560	4.1%	28,618	4.4%
Healthcare Services, Other.	36,481	4.0%		0.0%
Diagnostic.	16,307	1.8%	15,158	2.3%
Consumer & Business Products	13,723	1.5%	4,186	0.6%
Electronics & Computer Hardware	12,715	1.4%	1,223	0.2%
Specialty Pharma	12,473	1.4%	39,384	6.0%
Surgical Devices	11,358	1.3%	11,566	1.8%
Biotechnology Tools	6,845	0.8%	18,693	2.9%
Semiconductors	2,922	0.3%	9,733	1.5%
Therapeutic			35,911	5.5%
	$ 906,300	100.0%	$ 652,870	100.0%

During the year ended December 31, 2012, the Company funded investments in debt securities and equity investments, totaling approximately $486.8 million and $9.7 million, respectively. During the year ended December 31 2012, the Company converted approximately $356,000 of debt to equity in one portfolio company.

In addition, in December 2011, Hercules entered into an agreement to acquire shares of Facebook, Inc. common stock for approximately $9.6 million through a secondary marketplace. The investments were subject to a Facebook, Inc. right of first refusal, which expired thirty days after the date of investment. At December 31, 2011 these assets were held as Other Assets. In February 2012, Hercules was notified that Facebook Inc. had not exercised its repurchase right with respect to any of the shares and had executed all documents necessary to fully transfer the ownership of the shares to Hercules. Accordingly, during the year ended December 31, 2012, the investment in Facebook, Inc. was transferred from Other Assets to Investments.

During the year ended December 31, 2011, the Company funded investments in debt securities and equity investments, totaling approximately $433.4 million and $2.1 million, respectively. During the year ended December 31, 2011, the Company converted approximately $4.4 million of debt to equity in two portfolio companies.

No single portfolio investment represents more than 10% of the fair value of the investments as of December 31, 2012 and 2011.

During the year ended December 31,2012, the Company recognized net realized gains of approximately $3.2 million on the portfolio. During the year ended December 31, 2012, we recorded realized gains of approximately $5.1 million, $3.1 million, $2.6 million $2.4 million and $2.4 million from the sale of NEXX Systems, Inc., BARRX Medical, DeCode Genetics, Aegerion Pharmaceuticals and Annie s. These gains were offset by losses of approximately $8.7 million, $2.2 million, $672,000 and $463,000, respectively, from the liquidation of MaxVision Holding, L.L.C, Razorgator Interactive Group, Zeta Interactive Corporation and Magi.com (pka Hi5 Networks, Inc.).

In 2011, we generated realized gains totaling approximately $11.1 million primarily due to the sale of warrants and equity investments in 3 portfolio companies. We recognized realized losses in 2011 of approximately $8.4 million on the disposition of investments in 13 portfolio companies.

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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 $2.0 million and $4.5 million of unamortized fees at December 31, 2012 and December 31, 2011, respectively, and approximately $6.8 million and $4.4 million in exit fees receivable at December 31, 2012 and December 31, 2011, respectively.

The Company has loans 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 $1.5 million and $1.7 million in PIK income during the years ended December 31, 2012 and December 31, 2011, 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 year ended December 31, 2012.

In some cases, the Company collateralizes its investments by obtaining a first priority security interest in a portfolio company s assets, which may include their intellectual property. In other cases, the Company may obtain a negative pledge covering a company s intellectual property. At December 31, 2012, approximately 62.4% of the Company s portfolio company loans were secured by a first priority security in all of the assets of the portfolio company (including their intellectual property), 36.0% of portfolio company loans were to portfolio companies that were prohibited from pledging or encumbering their intellectual property and 1.6% of portfolio company loans had an equipment only lien.

Income Recognition

The Company records interest income on the accrual basis and we recognize it as earned in accordance with the contractual terms of the loan agreement to the extent that such amounts are expected to be collected. Original Issue Discount (OID) initially represents the value of detachable equity warrants obtained in conjunction with the acquisition of debt securities and is accreted into interest income over the term of the loan as a yield enhancement. When a loan becomes 90 days or more past due, or if management otherwise does not expect the portfolio company to be able to service its debt and other obligations, the Company will generally place the loan on non-accrual status and cease recognizing interest income on that loan until all principal has been paid. Any uncollected interest related to prior periods is reversed from income in the period that collection of the interest receivable is determined to be doubtful. However, we may make exceptions to this policy if the investment has sufficient collateral value and is in the process of collection. As of December 31, 2012, the Company had one portfolio company on non-accrual status with an approximate cost of $347,000 and no fair market value. There was one loan on non-accrual status with an aggregate cost of approximately $7.7 million and a fair value of approximately $1.0 million as of December 31, 2011. During the third quarter of 2012 the Company recognized a realized loss of approximately $5.1 million on our warrant, equity and debt investments in this company.

Fee Income.

Fee income, generally collected in advance, includes loan commitment and facility fees for due diligence and structuring, as well as fees for transaction services and management services rendered by us to portfolio companies and other third parties. Loan and commitment fees are amortized into income over the contractual life of the loan.

Management fees are generally recognized as income when the services are rendered. Loan origination fees are capitalized and then amortized into interest income using the effective interest rate method. In certain loan arrangements, warrants or other equity interests are received from the borrower as additional origination fees.

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We recognize nonrecurring fees amortized over the remaining term of the loan commencing in the quarter relating to specific loan modifications. Certain fees may still be recognized as one-time fees, including prepayment penalties, fees related to select covenant default waiver fees and acceleration of previously deferred loan fees and original issue discount (OID) related to early loan pay-off or material modification of the specific debt outstanding.

Financing costs

Debt financing costs are fees and other direct incremental costs incurred by the Company in obtaining debt financing and are recognized as prepaid expenses and amortized into the consolidated statement of operations as loan fees over the term of the related debt instrument. Prepaid financing costs, net of accumulated amortization, were as follows:

	As of December 31	
(in thousands)	**2012**	**2011**
Wells Facility	$ 867	$ 906
SBA Debenture	5,877	5,828
Convertible Senior Notes	1,900	2,477
Asset-Backed Notes	4,074	
2019 Notes	6,287	
	$ 19,005	$ 9,211

Cash Equivalents

The Company considers money market funds and other highly liquid short-term investments with a maturity of less than 90 days to be cash equivalents.

Stock Based Compensation

Compensation expense associated with stock based compensation is measured at the grant date based on the fair value of the award and is recognized over the vesting period. Determining the appropriate fair value model and calculating the fair value of stock-based awards at the grant date requires judgment, including estimating stock price volatility, forfeiture rate and expected option life.

Earnings Per Share (EPS)

Basic EPS is calculated by dividing net earnings applicable to common shareholders by the weighted average number of common shares outstanding. Common shares outstanding includes common stock and restricted stock for which no future service is required as a condition to the delivery of the underlying common stock. Diluted EPS includes the determinants of basic EPS and, in addition, reflects the dilutive effect of the common stock deliverable pursuant to stock options and to restricted stock for which future service is required as a condition to the delivery of the underlying common stock.

Income Taxes

We operate to qualify to be taxed as a RIC under the Internal Revenue Code. Generally, a RIC is entitled to deduct dividends it pays to its shareholders from its income to determine taxable income. Taxable income includes our net taxable interest, dividend and fee income, as well as our net realized 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. In addition, taxable income generally excludes any unrealized appreciation or depreciation in our investments, because gains and losses are not included in taxable income until they are realized and required to be recognized. Taxable income includes certain income, such as contractual payment-in-kind interest and amortization of discounts and fees that is required to be accrued for tax purposes even though cash collections of such income are generally deferred until repayment of the loans or debt securities that gave rise to such income.

We have distributed and currently intend to distribute sufficient dividends to eliminate taxable income. We are subject to a nondeductible federal excise tax of 4% if we do not distribute at least 98% of our investment company taxable income in any calendar year and 98.2% of our capital gain net income for each one year period ending on October 31. We did not record an excise tax provision for the years ended December 31, 2012 and 2011. 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.

Comprehensive Income

The Company reports all changes in comprehensive income in the Consolidated Statement of Operations. Comprehensive income is equal to net increase in net assets resulting from operations.

Dividends

Dividends and distributions to common stockholders are approved by the Board of Directors on a quarterly basis and the dividend payable is recorded on the ex-dividend date.

We have adopted an opt out dividend reinvestment plan that provides for reinvestment of our distribution on behalf of our stockholders, unless a stockholder elects to receive cash. As a result, if our Board of Directors authorizes, and we declare a cash dividend, then our stockholders who have not opted out of our dividend reinvestment plan will have their cash dividend automatically reinvested in additional shares of our common stock, rather than receiving the cash dividends. During 2012, 2011 and 2010, the Company issued approximately 219,000, 167,000 and 199,000 shares, respectively, of common stock to shareholders in connection with the dividend reinvestment plan.

Segments

The Company lends to and invests in portfolio companies in various technology-related companies, including clean technology, life science, and lower middle market companies. The Company separately evaluates the performance of each of its lending and investment relationships. However, because each of these loan and investment relationships has similar business and economic characteristics, they have been aggregated into a single lending and investment segment.

Recent Accounting Pronouncements

In May 2011, the FASB issued Accounting Standards Update No. 2011-04 Fair Value Measurement: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs, or ASU 2011-04. ASU 2011-04 clarifies the application of existing fair value measurement and disclosure requirements, changes the application of some requirements for measuring fair value and requires additional disclosure for fair value measurements. The highest and best use valuation premise is only applicable to non-financial assets. In addition, the disclosure requirements are expanded to include for fair value measurements categorized in Level 3 of the fair value hierarchy: (1) a quantitative disclosure of the unobservable inputs and assumptions used in the measurement; (2) a description of the valuation processes in place; and (3) a narrative description of the sensitivity of the fair value to changes in unobservable inputs and interrelationships between those inputs. ASU 2011-04 is effective for interim and annual periods beginning after December 15, 2011, for public entities and as such the Company has adopted this ASU beginning with the quarter ended March 31, 2012. The Company has increased the disclosures related to Level 3 fair value measurement, in addition to other required disclosures. There were no related impacts on our financial position or results of operations.

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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 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 December 31, 2012, the April 2019 Notes were trading on the New York Stock Exchange for $0.986 per dollar at par value, and the September 2019 Notes were trading on the New York Stock Exchange for $1.003 per dollar at par value. Based on market quotations on or around December 31, 2012, the Convertible Senior Notes were trading for $1.0375 per dollar at par value and the Asset-Backed Notes were trading for $1.00 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 $242.3 million, compared to the carrying amount of $225.0 million as of December 31, 2012.

(in thousands)

Description	12/31/2012	Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Convertible Senior Notes	$ 77,813	$	$ 77,813	$
April 2019 Notes	$ 83,307	$	$ 83,307	$
September 2019 Notes	$ 86,150	$	$ 86,150	$
Asset-Backed Notes	$ 129,300	$	$	$ 129,300
SBA Debentures	$ 242,300	$	$	$ 242,300

The liabilities of the Company below are recorded at amortized cost and not at fair value on the balance sheet. The following table provides additional information about the level in the fair value hierarchy of our liabilities:

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 1.

4. Borrowings

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 additional contributions to regulatory capital. With the Company s net investment of $38.0 million in HT II as of December 31, 2012, HT II has the capacity to issue a total of $76.0 million of SBA guaranteed debentures, subject to SBA approval, of which $76.0 million was outstanding as of December 31, 2012. As of December 31, 2012, HT II has paid commitment fees of approximately $1.5 million. As of December 31, 2012, the Company held investments in HT II in 51 companies with a fair value of approximately $132.6 million, accounting for approximately 14.6% of the Company s total portfolio.

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 December 31, 2012, HT III has the capacity to issue a total of $149.0 million of SBA guaranteed debentures, subject to SBA approval, of which $149.0 million was outstanding as of December 31, 2012. As of December 31, 2012, HT III has paid commitment fees of approximately $1.5 million. As of December 31, 2012, the Company held investments in HT III in 35 companies with a fair value of approximately $223.6 million, accounting for approximately 24.7% of the Company s total portfolio.

There is no assurance that HT II or HT III will be able to draw to the maximum limit available under the SBIC program.

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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 $18.0 million and have average annual fully taxed net income not exceeding $6.0 million for the two most recent fiscal years. In addition, SBICs must devote 25.0% of its investment activity to smaller concerns as defined by the SBA.

A smaller concern 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 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 December 31, 2012 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 April 2007 are set semiannually in March and September and range from 2.25% to 5.73%. Interest payments on SBA debentures are payable semi-annually. 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 April 2007, the initial maturity of SBA debentures will occur in April 2017. 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 related to HT III debentures that pooled on September 19, 2012 were 0.804%. The annual fees on other debentures have been set at 0.906%. The average amount of debentures outstanding for the year ended December 31, 2012 for HT II was approximately $95.2 million with an average interest rate of approximately 5.68%. The average amount of debentures outstanding for the quarter ended December 31, 2012 for HT III was approximately $112.0 million with an average interest rate of approximately 3.25%.

HT II and HT III hold approximately $154.4 million and $250.8 million in assets, respectively, and accounted for approximately 10.5% and 17.0% of the Company s total assets prior to consolidation at December 31, 2012.

In January 2011, the Company repaid $25.0 million of SBA debentures under HT II, priced at approximately 6.63%, including annual fees. In April 2011, the SBA approved a $25.0 million dollar commitment for HT III.

In February 2012, the Company repaid $24.25 million of SBA debentures under HT II, priced at 6.63%, including annual fees. In June 2012, the SBA approved a $24.25 million dollar commitment for HT III.

In August 2012, the Company repaid $24.75 million of SBA debentures under HT II, $12.0 million priced at 6.43%, including annual fees and $12.75 million priced at 6.38%, including annual fees.

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As of December 31, 2012, the maximum statutory limit on the dollar amount of outstanding SBA guaranteed debentures issued by a single SBIC is $150.0 million, subject to periodic adjustments by the SBA, and a maximum amount of $225.0 million for funds under common control, subject to periodic adjustments by the SBA. In the aggregate, at December 31, 2012 there was $225.0 million principal amount of indebtedness outstanding incurred by our SBIC subsidiaries, the maximum statutory limit on the dollar amount of SBA guaranteed debentures under the SBIC program.

The Company reported the following SBA debentures outstanding on its Consolidated Statement of Assets and Liabilities as of December 31, 2102 and December 31, 2011:

(in thousands) Issuance/Pooling Date	Maturity Date	Interest Rate[(1)]	December 31, 2012	December 31, 2011
SBA Debentures:				
September 26, 2007	September 1, 2017	6.43%	$	$ 12,000
March 26, 2008	March 1, 2018	6.38%	34,800	58,050
September 24, 2008	September 1, 2018	6.63%		13,750
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	3.05%	11,250	11,250
March 21, 2012	March 1, 2022	3.28%	25,000	25,000
September 19, 2012	September 1, 2022	3.05%	24,250	
November 14, 2012	November 1, 2022	3.05%[(2)]	24,750	
Total SBA Debentures			$ 225,000	$ 225,000

(1) Interest rate includes annual charge

(2) Interim interest on the November 14, 2012 borrowing is expected to pool in March 2013 at which date the principal interest rate will be set.

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. Under this three-year 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. The amendment reduces the interest rate floor by 75 basis points to 4.25% and extends the maturity date by one year to August 2015. Additionally, an amortization period of 12 months was added to pay down the principal balance as of the maturity date, and the unused line fee was reduced.

Borrowings under the Wells Facility will generally bear interest at a rate per annum equal to LIBOR plus 3.50%, with a floor of 4.25% and an advance rate of 50% against eligible loans. The Wells Facility is secured by loans 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-month period ended December 31, 2012, this non-use fee was approximately $96,000. On June 20, 2011 the Company paid an additional $1.1 million in structuring fees in connection with the Wells Facility which is being amortized through the end of the term. At December 31, 2012, there were no borrowings outstanding on this facility.

The Wells Facility includes various financial and operating covenants applicable to us and our subsidiaries, in addition to those applicable to Hercules Funding II, LLC. 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 $362.0 million plus 90% of the cumulative amount of equity raised after June 30, 2012. In addition, the tangible net worth covenant will increase by 90 cents on the dollar for every dollar of equity capital that we subsequently raise. As of December 31, 2012, the minimum tangible net worth covenant has increased to $392.3 million as a result of the October 2012 follow-on public offering of 3.1 million shares of common stock for proceeds of approximately $33.6 million. 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 December 31, 2012.

Union Bank Facility

On February 10, 2010, the Company entered a $20.0 million one-year revolving senior secured credit facility with Union Bank (the Union Bank Facility). On November 2, 2011, the Company renewed and amended the Union Bank Facility and added a new lender under the Union Bank Facility. Union Bank and RBC Capital Markets (RBC) have made commitments of $30.0 million and $25.0 million, respectively. The Union Bank Facility contains an accordion feature, in which the Company can increase the credit line up to an aggregate of $150.0 million, funded by additional lenders and with the agreement of Union Bank 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 Union Bank Facility.

On March 30, 2012, the Company entered into an amendment to the Union Bank Facility which permitted the Company to issue additional senior notes relating to the offer and sale of our 2019 Notes. On September 17, 2012, the Company entered into an amendment to the Union Bank Facility. Pursuant to the terms of the amendment, the Company is permitted to increase its unsecured indebtedness by an aggregate original principal amount not to exceed $200.0 million incurred after March 30, 2012 in one or more issuances, provided certain conditions are satisfied for each issuance.

On December 17, 2012, we further amended the Union Bank Facility to remove RBC from the Union Bank

Facility. Following the removal of RBC, the Union Bank Facility consists solely of Union Bank s commitment of

$30.0 million. In connection with the amendment, the maximum availability under the Union Bank Facility,

subject to a borrowing base, was reduced from $55.0 million to $30.0 million. The Union Bank Facility contains

an accordion feature, in which we could increase the credit line by up to $95.0 million in the aggregate, funded

by commitments from additional lenders and with the agreement of Union Bank and subject to other customary conditions. There can be no assurances that additional lenders will join the Union Bank Facility.

Borrowings under the Union Bank Facility will generally bear interest at a rate per annum equal to LIBOR plus 2.25% with a floor of 4.0%. The Union Bank Facility requires the payment of a non-use fee of 0.50% annually. For the three-month period ended December 31, 2012, this nonuse fee was approximately $65,000. The Union Bank Facility is collateralized by debt investments in our portfolio companies, and includes an advance rate equal to 50.0% of eligible loans placed in the collateral pool. The Union Bank Facility generally requires payment of interest on a monthly basis. All outstanding principal is due upon maturity. At December 31, 2012, there were no borrowings outstanding on this facility.

The Union Bank Facility requires various financial and operating covenants. 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 $314.0 million plus 90% of the amount of net cash proceeds received from the sale of common stock after March 31, 2011. As of December 31, 2012, the minimum tangible net worth covenant has increased to $386.8 million as a result of the January and October 2012 follow-on public offerings of 5.0 and 3.1 million shares of common stock, respectively, for total net proceeds of approximately $80.9 million. The Union Bank Facility will mature on November 1, 2014, approximately three years from the date of issuance, revolving through the first 24 months with a term out provision for the remaining

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12 months. Union Bank Facility also 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 December 31, 2012.

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 loans 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 year ended December 31, 2012, the Company reduced its realized gain by approximately $270,000 for Citigroup s participation in the gain on sale of equity securities and recorded a decrease on participation liability and increased its unrealized gains by a net amount of approximately $386,000 for Citigroup s participation. The value of their participation right on unrealized gains in the related equity investments was approximately $313,000 as of December 31, 2012 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 $1.4 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 January 2013 and January 2017.

Convertible Senior Notes

In April 2011, the Company issued $75.0 million in aggregate principal amount of its 6.00% convertible senior notes (the Convertible Senior Notes) due 2016.

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 secures) 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 its election, cash, shares of its common stock or a combination of cash and shares of its 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

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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.

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, we 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 accompanying consolidated statement of assets and liabilities. As a result, the Company records interest expense comprised of both stated interest expense as well as accretion of the original issue discount. Additionally, the issuance costs associated with the Convertible Senior Notes were allocated to the debt and equity components in proportion to the allocation of the proceeds and accounted for as debt issuance costs and equity issuance costs, respectively. At the time of issuance, the debt issuance costs and equity issuance costs were approximately $2.9 million and $224,000, respectively. At the time of issuance and as of December 31, 2012, the equity component, net of issuance costs, as recorded in the capital in excess of par value in the balance sheet was approximately $5.2 million.

As of December 31, 2012, the components of the carrying value of the Convertible Senior Notes were as follows:

(in thousands)	**As of December 31, 2012**
Principal amount of debt	$ 75,000
Original issue discount, net of accretion	(3,564)
Carrying value of debt	$ 71,436

For the years ended December 31, 2012 and 2011, the components of interest expense, fees and cash paid for interest expense for the Convertible Senior Notes were as follows:

	For the Years Ended December 31,	
(in thousands)	**2012**	**2011**
Stated interest expense	$ 4,500	$ 3,187
Accretion of original issue discount	1,083	767
Amortization of debt issuance cost	577	409
Total interest expense	$ 6,160	$ 4,363
Cash paid for interest expense	$ 4,500	$ 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 % and 8.2% for the three and twelve-months ended December 31, 2012, respectively. As of December 31, 2012, the Company is in compliance with the terms of the indentures governing the Convertible Senior Notes.

2019 Notes

On March 6, 2012, the Company and the Trustee entered into the Base Indenture. On April 17, 2012, the Company and the Trustee entered into the First Supplemental Indenture to the Base 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.

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On September 24, 2012, the Company and the Trustee, entered into the Second Supplemental Indenture to the Base 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). The sale of the September 2019 Notes generated net proceeds, before expenses, of approximately $72.75 million.

2019 Notes payable is compromised of:

	As of	
(in thousands)	December 31, 2012	December 31, 2011
April 2019 Notes	$ 84,490	$
September 2019 Notes	85,875	
Carrying value of debt	$ 170,365	$

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 will be the Company s direct unsecured obligations and will rank: (i) *pari passu* with our other outstanding and future senior unsecured indebtedness, including without limitation, the $75 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 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 Indenture, as supplemented by the First 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 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 Indenture, as supplemented by the First Supplemental Indenture. The 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.

In July 2012, we re-opened our April 2019 Notes and issued an additional amount of approximately $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.

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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 will be the Company s direct unsecured obligations and will rank: (i) *pari passu* with our other outstanding and future senior unsecured indebtedness, including without limitation, the $75 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 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 our 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 Indenture, as supplemented by the Second Supplemental Indenture. The 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 (the Underwriting Agreement) among the Company and Stifel, Nicolaus & Company, Incorporated, as representative of the several underwriters named in the underwriting agreement.

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.

For the years ended December 31, 2012 and 2011, the components of interest expense and related fees and cash paid for interest expense and fees for the April 2019 and September 2019 Notes are as follows:

(in thousands)	For the Years Ended December 31, 2012	2011
Stated interest expense	$ 5,139	$
Amortization of debt issuance cost	423	
Total interest expense and fees	$ 5,562	$
Cash paid for interest expense and fees	$ 4,790	$

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As of December 31, 2012, the Company is in compliance with the terms of the indenture governing the April 2019 Notes and the September 2019 Notes.

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 made an offering 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 us, 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 our 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 our 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 indenture 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 will be serviced by the Company pursuant to a sale and servicing agreement, which contains customary representations, warranties and covenants. The Company will perform certain servicing and administrative functions with respect to the Loans. The Company will be entitled to receive a monthly fee from the Issuer for servicing the Loans. This servicing fee will equal 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 will also serve as administrator to the Issuer under an administration agreement, which includes customary representations, warranties and covenants.

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Outstanding Borrowings

At December 31, 2012 and December 31, 2011, the Company had the following borrowing capacity and outstanding borrowings:

	December 31, 2012		December 31, 2011	
(in thousands)	Total Available	Carrying Value(1)	Total Available	Carrying Value(1)
Union Bank Facility	$ 30,000	$	$ 55,000	$
Wells Facility	75,000		75,000	10,187
Convertible Senior Notes(2)	75,000	71,436	75,000	70,353
2019 Notes	170,364	170,364		
Asset-Backed Notes	129,300	129,300		
SBA Debentures(3)	225,000	225,000	225,000	225,000
Total	$ 704,664	$ 596,100	$ 430,000	$ 305,540

(1) Except for the Convertible Senior Notes (as defined below), all carrying values are the same as the principal amount outstanding.

(2) Represents the aggregate principal amount outstanding of the Convertible Senior Notes (as defined below) less the unaccreted discount initially recorded upon issuance of the Convertible Senior Notes. The total unaccreted discount for the Convertible Senior Notes was $3.6 million at December 31, 2012.

(3) In January 2012, we repaid $25.0 million of SBA debentures under HT II, priced at approximately 6.63%, including annual fees. In April 2012, the SBA approved a $25.0 million dollar commitment for HT III bringing the total available borrowings to $225.0 million, of which $125.0 million was available in HT II and $100.0 million was available in HT III.
In February 2012, we repaid $24.25 million of SBA debentures under HT II, priced at approximately 6.63%, including annual fees. In June 2012, the SBA approved a $24.25 million dollar commitment for HT III.
In August 2012, the Company repaid $24.75 million of SBA debentures under HT II, $12.0 million priced at 6.43%, including annual fees, and $12.75 million priced at 6.38%, including annual fees. In September 2012, the SBA approved a $24.75 million dollar commitment for HT III bringing the total available borrowings to $225.0 million, of which $76.0 million was available in HT II and $149.0 million was available in HT III.

5. Income Taxes

The Company intends 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. Because federal income tax regulations differ from accounting principles generally accepted in the United States, distributions in accordance with tax regulations may differ from net investment income and realized gains recognized for financial reporting purposes. Differences may be permanent or temporary in nature. Permanent differences are reclassified among capital accounts in the financial statements to reflect their tax character. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes. During the year ended December 31, 2012 and 2011, the Company reclassified for book purposes amounts arising from permanent book/tax differences primarily related to accelerated revenue recognition for income tax purposes, respectively, as follows:

	December 31,	
(in thousands)	2012	2011
Distributions in excess of investment income	$ 2,920	$ (1,882)
Accumulated realized gains (losses)	2,958	5,250
Additional paid-in capital	(5,878)	(3,368)

For income tax purposes, distributions paid to shareholders are reported as ordinary income, return of capital, long term capital gains or a combination thereof. The tax character of distributions paid for the years ended December 31, 2012 and 2011 was ordinary income in the amounts of $48.0 million and $38.5 million, respectively.

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The aggregate gross unrealized appreciation of our investments over cost for federal income tax purposes was $19.9 million and $34.5 million as of December 31, 2012 and 2011, respectively. The aggregate gross unrealized depreciation of our investments under cost for federal income tax purposes was $27.6 million and $39.4 million as of December 31, 2012 and 2011, respectively. The net unrealized depreciation over cost for federal income tax purposes was $7.8 million as of December 31, 2012 and net unrealized depreciation over cost for federal income tax purposes was $4.9 million as of December 31, 2011. The aggregate cost of securities for federal income tax purposes was $916.9 million and $658.0 million as of December 31, 2012 and 2011, respectively.

At December 31, 2012 and 2011, the components of distributable earnings on a tax basis detailed below differ from the amounts reflected in the Company s Statement of Net Assets and Liabilities by temporary book/ tax differences primarily arising from the treatment of loan related yield enhancements.

	December 31,	
(in thousands)	**2012**	**2011**
Accumulated Capital Gains (Losses)	$ (35,940)	$ (48,567)
Other Temporary Differences	(3,726)	(16)
Undistributed Ordinary Income	1,552	236
Unrealized Appreciation (Depreciation)	(10,480)	(4,901)
Components of Distributable Earnings	$ (48,594)	$ (53,248)

The Company will classify interest and penalties, if any, related to unrecognized tax benefits as a component of provision for income taxes.

Based on an analysis of our tax position, there are no uncertain tax positions that met the recognition or measurement criteria. The Company is currently not undergoing any tax examinations. The Company does not anticipate any significant increase or decrease in unrecognized tax benefits for the next twelve months. The 2009, 2010 and 2011 federal tax years for the Company remain subject to examination by the IRS. The 2008, 2009, 2010 and 2011 state tax years for the Company remain subject to examination by the California Franchise Tax Board.

6. Shareholders Equity

On January 20, 2012, the Company raised approximately $47.7 million, net of issuance costs, in a public offering of 5,000,000 shares of its common stock.

On July 25, 2012, the Company s Board of Directors approved the extension of the stock repurchase plan under the same terms and conditions that allowed the Company to repurchase up to $35.0 million of its common stock. The stock repurchase plan expired on February 26, 2013. During the year ended December 31, 2012, the Company did not repurchase any common stock.

On October 3, 2012, the Company raised approximately $33.2 million, net of issuance costs, in a public offering of 3,100,000 shares of its common stock.

At December 31, 2012, 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.

The Company has issued stock options for common stock subject to future issuance, of which 2,574,749 and 4,231,444 were outstanding at December 31, 2012 and 2011, respectively.

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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 7,000,000 shares of common stock. On June 1, 2011, stockholders approved an increase of 1,000,000 shares, authorizing the Company to issue 8,000,000 shares of common stock under the 2004 Plan. Unless terminated earlier by the Company s Board of Directors, the 2004 Plan will terminate on June 9, 2014, and no additional awards may be made under the 2004 Plan after that date.

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 1,000,000 shares of common stock. Unless terminated earlier by the Company s Board of Directors, the 2006 Plan will terminate on May 29, 2016 and no additional awards may be made under the 2006 Plan after that date. 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.

In conjunction with the amendment and in accordance with the exemptive order, on June 21, 2007 the Company made an automatic grant of shares of restricted common stock to Messrs. Badavas, Chow and Woodward, the independent members of its Board of Directors, in the amounts of 1,667, 1,667 and 3,334 shares, respectively. In May 2008, the Company issued restricted shares to Messrs. Badavas and Chow in the amount of 5,000 shares each. In June 2009, the Company issued 5,000 restricted stock shares to Mr. Woodward. The shares were issued pursuant to the 2006 Plan and vested 33% on an annual basis from the date of grant. Deferred compensation cost was recognized ratably over the three year vesting period.

A summary of restricted stock activity under the Company s 2006 and 2004 Plans for each of the three periods ended December 31 2012, 2011 and 2010 is as follows:

	2006 Plan	2004 Plan
Outstanding at December 31, 2009	21,668	530,475
Granted		491,500
Cancelled		(3,872)
Outstanding at December 31, 2010	21,668	1,018,103
Granted	10,000	296,600
Cancelled		(123,502)
Outstanding at December 31, 2011	31,668	1,191,201
Granted	5,000	686,859
Cancelled		(59,019)
Outstanding at December 31, 2012	36,668	1,819,041

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A summary of common stock options activity under the Company s 2006 and 2004 Plans for each of the three periods ended December 31 2012, 2011 and 2010 is as follows:

	Common Stock Options	Weighted Average Exercise Price
Shares Outstanding at January 1, 2010	4,924,405	$ 10.72
Granted	575,250	$ 10.16
Exercised	(520,666)	$ 4.91
Cancelled/Forfeited	(249,140)	$ 10.14
Shares Outstanding at December 31, 2010	4,729,849	$ 11.33
Granted	599,860	$ 10.59
Exercised	(178,101)	$ 4.93
Cancelled/Forfeited	(938,004)	$ 11.73
Shares Outstanding at December 31, 2011	4,213,604	$ 11.40
Granted	189,000	$ 10.71
Exercised	(564,196)	$ 5.56
Cancelled/Forfeited	(1,263,659)	$ 12.70
Shares Outstanding at December 31, 2012	2,574,749	$ 12.00
Shares Expected to Vest at December 31, 2012	424,676	$ 12.00

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 December 31, 2012, options for approximately 2.2 million shares were exercisable at a weighted average exercise price of approximately $12.31 per share with weighted average of remaining contractual term of 2.06 years. The Company determined that the fair value of options granted under the 2006 and 2004 Plans during the years ended December 31, 2012, 2011 and 2010 was approximately $326,000, $1.3 million and $1.0 million, respectively. During the years ended December 31, 2012, 2011 and 2010, approximately $416,000, $557,000, and $719,000 of share-based cost due to stock option grants was expensed, respectively. As of December 31, 2012, there was $640,000 of total unrecognized compensation costs related to stock options. These costs are expected to be recognized over a weighted average period of 2.07 years. The fair value of options granted is based upon a Black Scholes option pricing model using the assumptions in the following table for each of the three periods ended December 31, 2012, 2011 and 2010 is as follows:

	2012	2011	2010
Expected Volatility	46.39%	46.39%	46.39%
Expected Dividends	10%	10%	10%
Expected term (in years)	4.5	4.5	4.5
Risk-free rate	0.49%-1.07%	0.68%-2.15%	0.89%-2.51%

The following table summarizes stock options outstanding and exercisable at December 31, 2012;

(Dollars in thousands, except exercise price)	Options Outstanding				Options Exercisable			
Range of exercise prices	Number of shares	Weighted average remaining contractual life	Aggregate intrinsic value	Weighted average exercise price	Number of shares	Weighted average remaining contractual life	Aggregate intrinsic value	Weighted average exercise price
$4.21-$8.49	46,248	4.25	$ 255,836	$ 5.60	46,248	4.25	$ 255,836	$ 5.60
$8.67-$13.40	1,889,501	3.28	600,811	$ 11.46	1,464,825	2.41	293,179	$ 11.76

$13.87-$15.00	668,500	1.06		$ 14.02	668,500	1.06		$ 14.02
$4.21-$15.00	2,604,249	2.73	$ 856,647	$ 12.01	2,179,573	2.03	$ 549,015	$ 12.32

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In 2012, 2011 and 2010, the Company granted approximately 691,859 and 306,600 and 491,500 shares, respectively, of restricted stock pursuant to the Plans. Each restricted stock award granted in 2012, 2011 and 2010 is subject to lapse as to 25% of the award one year after the date of grant and ratably over the succeeding 36 months subject to a four year forfeiture schedule. Share based compensation cost will be recognized ratably over the four year vesting period. No restricted stock was granted pursuant to the 2004 Plan prior to 2009.

The Company determined that the fair value of restricted stock granted under the 2006 and 2004 Plans during the years ended December 31, 2012, 2011 and 2010 was approximately $7.5 million, $3.4 million and $5.1 million, respectively. During the years ended December 31, 2012, 2011 and 2010, the Company expensed approximately $3.9 million, $2.6 million and $2.0 million of compensation expense related to restricted stock, respectively. As of December 31, 2012, there was approximately $8.2 million of total unrecognized compensation costs related to restricted stock. These costs are expected to be recognized over a weighted average period of 2.68 years.

The following table summarizes the activities for our unvested restricted stock for the years ended December 31, 2012, 2011 and 2010:

	Unvested Restricted Stock Units	
	Number of Shares	Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2010	487,527	$ 7.06
Granted	491,500	$ 10.39
Vested	(196,491)	$ 6.67
Forfeited	(3,872)	$ 5.05
Unvested at December 31, 2010	778,664	$ 9.27
Granted	306,600	$ 11.14
Vested	(340,253)	$ 9.38
Forfeited	(123,502)	$ 9.63
Unvested at December 31, 2011	621,509	$ 10.06
Granted	691,859	$ 10.83
Vested	(354,560)	$ 9.88
Forfeited	(59,019)	$ 9.95
Unvested at December 31, 2012	899,789	$ 10.73

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.

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8. Earnings per Share

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

(in thousands, except per share data)	Year Ended December 31, 2012	2011	2010
Numerator			
Net increase in net assets resulting from operations	$ 46,759	$ 46,936	$ 4,982
Less: Dividends declared-common and restricted shares	(47,983)	(38,492)	(28,816)
Undistributed earnings	(1,224)	8,444	(23,834)
Undistributed earnings-common shares	(1,224)	8,444	(23,834)
Add: Dividend declared-common shares	46,967	37,826	28,228
Numerator for basic and diluted change in net assets per common share	$ 45,743	$ 46,270	$ 4,394
Denominator			
Basic weighted average common shares outstanding	49,068	42,988	36,156
Common shares issuable	88	311	714
Weighted average common shares outstanding assuming dilution	49,156	43,299	36,870
Change in net assets per common share			
Basic	$ 0.93	$ 1.08	$ 0.12
Diluted	$ 0.93	$ 1.07	$ 0.12

The calculation of change in net assets resulting from operations per common share assuming dilution, excludes all anti-dilutive shares. For the years ended December 31, 2012, 2011 and 2010, 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 2,574,749, 2,583,707 and 5,168,022; shares, respectively.

9. 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 commitments to extend credit at December 31, 2012 totaled approximately $61.9 million. Since a portion of these commitments may expire without being drawn, unfunded commitments do not necessarily represent future cash requirements. In addition, the Company had approximately $70.0 million of non-binding term sheets outstanding at December 31, 2012. Non-binding outstanding term sheets are subject to completion of the Company s due diligence and final approval process, as well as the negotiation of definitive documentation with the prospective portfolio companies. Not all non-binding term sheets are expected to close and do not necessarily represent future cash requirements.

Certain premises are leased under agreements which expire at various dates through December 2020. Total rent expense amounted to approximately $1.2 million, $1.1 million and $1.0 million during the years ended December 31, 2012, 2011 and 2010, respectively.

Future commitments under the credit facility and operating leases were as follows at December 31, 2012:

	Payments due by period (in thousands)				
Contractual Obligations[(1)(2)]	**Total**	**Less than 1 year**	**1 - 3 years**	**3 - 5 years**	**After 5 years**
Borrowings[(3)(4)]	$ 596,100	$	$ 129,300	$ 71,436	$ 395,364
Operating Lease Obligations[(5)]	8,819	1,245	2,881	3,044	1,649

Total	$ 604,919	$ 1,245	$ 132,181	$ 74,480	$ 397,013

(1) Excludes commitments to extend credit to our portfolio companies.
(2) The Company also has a warrant participation agreement with Citigroup. See Note 4.

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(3) Includes $225.0 million in borrowings under the SBA debentures, $170.4 million of the 2019 Notes, $129.3 million in aggregate principal amount of the Asset-Backed Notes and $71.4 million of the Convertible Senior Notes.
(4) Except for the Convertible Senior Notes, all carrying values are the same as the principal amount outstanding. The aggregate principal amount outstanding of the Convertible Senior Notes less the unaccreted discount initially recorded upon issuance of the Convertible Senior Notes was $3.6 million at December 31, 2012.
(5) Long-term facility leases.

The Company may, from time to time, be involved in litigation arising out of its operations in the normal course of business or otherwise. Furthermore, third parties may try to seek to impose liability on the Company in connection with the activities of its portfolio companies. While the outcome of any current legal proceedings cannot at this time be predicted with certainty, the Company does not expect any current matters will materially affect the Company s financial condition or results of operations; however, there can be no assurance whether any pending legal proceedings will have a material adverse effect on the Company s financial condition or results of operations in any future reporting period.

10. Indemnification

The Company and its executives are covered by Directors and Officers Insurance, with the directors and officers being indemnified by the Company to the maximum extent permitted by Maryland law subject to the restrictions in the 1940 Act.

11. Concentrations of Credit Risk

The Company s customers are primarily small and medium sized companies in the biotechnology, drug discovery, drug delivery, specialty pharmaceuticals, therapeutics, clean technology, communications and networking, consumer and business products, electronics and computers, information services, internet consumer and business services and products, medical devices, semiconductor and software industry sectors. These sectors are characterized by high margins, high growth rates, consolidation and product and market extension opportunities. Value is often vested in intangible assets and intellectual property.

The largest portfolio companies vary from year to year as new loans are recorded and loans pay off. Loan revenue, consisting of interest, fees, and recognition of gains on equity interests, can fluctuate dramatically when a loan is paid off or a related equity interest is sold. Revenue recognition in any given year can be highly concentrated among several portfolio companies.

For years ended December 31, 2012 and 2011, the Company s ten largest portfolio companies represented approximately 35.2% and 37.9% of the total fair value of the Company s investments in portfolio companies, respectively. At December 31, 2012 and 2011, the Company had eight and seven investments, respectively, that represented 5% or more of the Company s net assets. At December 31, 2012, the Company had six equity investments representing approximately 70.9% of the total fair value of the Company s equity investments, and each represented 5% or more of the total fair value of the Company s equity investments. At December 31, 2011, the Company had seven equity investments which represented approximately 63.8% of the total fair value of the Company s equity investments, and each represented 5% or more of the total fair value of such investments.

12. Financial Highlights

Following is a schedule of financial highlights for five years ended December 31, 2012.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

FINANCIAL HIGHLIGHTS

(in thousands, except per share data)

	Years Ended December 31,		
	2012	**2011**	**2010**
Per share data:			
Net asset value at beginning of period	$ 9.83	$ 9.50	$ 10.29
Net investment income[1]	0.98	0.92	0.81
Net realized gain (loss) on investments	0.06	0.06	(0.73)
Net unrealized appreciation (depreciation) on investments	(0.09)	0.11	0.06
Total from investment operations	0.95	1.09	0.14
Net increase/(decrease) in net assets from capital share transactions	(0.14)	0.07	(0.21)
Distributions	(0.98)	(0.90)	(0.80)
Stock-based compensation expense included in investment income[2]	0.09	0.07	0.08
Net asset value at end of period	$ 9.75	$ 9.83	$ 9.50
Ratios and supplemental data:			
Per share market value at end of period	$ 11.13	$ 9.44	$ 10.36
Total return[3]	28.28%	-0.83%	7.70%
Shares outstanding at end of period.	52,925	43,853	43,444
Weighted average number of common shares outstanding	49,068	42,988	36,156
Net assets at end of period	$ 515,968	$ 431,041	$ 412,531
Ratio of operating expense to average net assets	10.28%	9.61%	8.25%
Ratio of net investment income to average net assets	10.01%	9.45%	8.05%
Average debt outstanding	$ 360,857	$ 238,873	$ 142,410
Weighted average debt per common share	$ 7.35	$ 5.56	$ 3.94

(1) For 2012, 2011 and 2010, net investment income per share is calculated as net investment income divided by the weighted average shares outstanding.

(2) Stock option expense is a non-cash expense that has no effect on net asset value. Pursuant to ASC 718, net investment loss 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 period ended December 31, 2012, 2011 and 2010 equals the change in the ending market value over the beginning of period price per share plus dividends paid per share during the period, divided by the beginning price.

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13. Senior Securities

Information about our senior securities is shown in the following table for the periods as of December 31, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005 and 2004.

Class and Year	Total Amount Outstanding Exclusive of Treasury Securities(1)	Asset Coverage per Unit(2)	Average Market Value per Unit(3)
Bridge Loan Credit Facility with Alcmene Funding L.L.C.			
December 31, 2004			N/A
December 31, 2005	$ 25,000,000	$ 2,505	N/A
December 31, 2006			N/A
December 31, 2007			N/A
December 31, 2008			N/A
December 31, 2009			N/A
December 31, 2010			N/A
December 31, 2011			N/A
December 31, 2012			N/A
Securitized Credit Facility with Wells Fargo Capital Finance			
December 31, 2004			N/A
December 31, 2005	$ 51,000,000	$ 2,505	N/A
December 31, 2006	$ 41,000,000	$ 7,230	N/A
December 31, 2007	$ 79,200,000	$ 6,755	N/A
December 31, 2008	$ 89,582,000	$ 6,689	N/A
December 31, 2009(6)			N/A
December 31, 2010(6)			N/A
December 31, 2011	$ 10,186,830	73,369	N/A
December 31, 2012			N/A
Securitized Credit Facility with Union Bank, NA			
December 31, 2004			N/A
December 31, 2005			N/A
December 31, 2006			N/A
December 31, 2007			N/A
December 31, 2008			N/A
December 31, 2009(6)			N/A
December 31, 2010(6)			N/A
December 31, 2011(6)			N/A
December 31, 2012			N/A
Small Business Administration Debentures (HT II)(4)			
December 31, 2004			N/A
December 31, 2005			N/A
December 31, 2006			N/A
December 31, 2007	$ 55,050,000	$ 9,718	N/A
December 31, 2008	$ 127,200,000	$ 4,711	N/A
December 31, 2009	$ 130,600,000	$ 3,806	N/A
December 31, 2010	$ 150,000,000	$ 3,942	N/A
December 31, 2011	$ 125,000,000	$ 5,979	N/A
December 31, 2012	$ 76,000,000	$ 14,786	N/A
Small Business Administration Debentures (HT III)(5)			
December 31, 2004			N/A
December 31, 2005			N/A
December 31, 2006			N/A
December 31, 2007			N/A
December 31, 2008			N/A
December 31, 2009			N/A
December 31, 2010	$ 20,000,000	$ 29,564	N/A
December 31, 2011	$ 100,000,000	$ 7,474	N/A
December 31, 2012	$ 149,000,000	$ 7,542	N/A
Senior Convertible Notes			

December 31, 2011	$ 70,352,983	$ 10,623	$ 885
December 31, 2012	$ 71,435,783	$ 15,731	$ 1,038
April 2019 Notes Payable			
December 31, 2012	$ 84,489,500	$ 13,300	$ 986
September 2019 Notes Payable			
December 31, 2012	$ 85,875,000	$ 13,086	$ 1,003
Asset-Backed Notes			
December 31, 2012	$ 129,300,000	$ 8,691	$ 1,000

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(1) Total amount of each class of senior securities outstanding at the end of the period presented, rounded to nearest thousand.
(2) The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our consolidated total assets, less all liabilities and indebtedness not represented by senior securities, divided by senior securities representing indebtedness. This asset coverage ratio is multiplied by $1,000 to determine the Asset Coverage per Unit.
(3) Not applicable because senior securities are not registered for public trading.
(4) Issued by HT II, one of our SBIC subsidiaries, to the SBA. These categories of senior securities were not subject to the asset coverage requirements of the 1940 Act.
(5) Issued by HT III, one of our SBIC subsidiaries, to the SBA. These categories of senior securities were not subject to the asset coverage requirements of the 1940 Act.
(6) The Company s Wells Facility and Union Bank Facility had no borrowings outstanding during the periods noted above.

14. Selected Quarterly Data (Unaudited)

The following tables set forth certain quarterly financial information for each of the last eight quarters ended December 31, 2012. This information was derived from the Company s unaudited consolidated financial statements. Results for any quarter are not necessarily indicative of results for the full year or for any further quarter.

	Quarter Ended			
(in thousands, except per share data)	**3/31/2012**	**6/30/2012**	**9/30/2012**	**12/31/2012**
Total investment income	$ 22,367	$ 23,858	$ 23,901	$ 27,395
Net investment income before provision for income taxes and investment gains and losses	11,375	12,310	11,351	13,071
Net increase (decrease) in net assets resulting from operations	17,105	48	4,745	24,861
Change in net assets per common share (basic)	0.36		0.09	0.47

	Quarter Ended			
	3/31/2011	**6/30/2011**	**9/30/2011**	**12/31/2011**
Total investment income	$ 19,152	$ 20,820	$ 18,684	$ 21,200
Net investment income before provision for income taxes and investment gains and losses	9,804	10,360	8,593	10,831
Net increase (decrease) in net assets resulting from operations	(1,177)	24,317	6,223	17,574
Change in net assets per common share (basic)	0.23	0.56	0.14	0.25

15. Subsequent Events

Dividend Declaration

On February 26, 2013 the Board of Directors increased the quarterly dividend by $0.01, or approximately 4.02%, and declared a cash dividend of $0.25 per share to be paid on March 19, 2013 to shareholders of record as of March 11, 2013. This dividend will represent the Company s thirtieth consecutive dividend declaration since its initial public offering, bringing the total cumulative dividend declared to date to $7.89 per share.

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Schedule 12-14

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

SCHEDULE OF INVESTMENTS IN AND ADVANCES TO AFFILIATES

As of and for the year ended December 31, 2012

(in thousands)

Portfolio Company	Investment(1)	Amount of Interest Credited to Income(2)	As of December 31, 2011 Fair Value	Gross Additions(3)	Gross Reductions(4)	As of December 31, 2012 Fair Value
Affiliate Investments						
E-band Communications, Inc.	Senior Debt	$ 4	$	$ 356	$ (356)	$
	Preferred Stock			374	(374)	
Gelesis	Senior Debt	712	3,254		(3,254)	
	Preferred Stock		1,147	423		1,570
	Preferred Warrants		106		(11)	95
Optiscan	Senior Debt	1,649	11,147		(1,657)	9,490
	Preferred Stock		2,468		(1,903)	565
	Preferred Warrants		872		(720)	152
Total Control and Affliate Investments		$ 2,365	$ 18,994	$ 1,153	$ (8,275)	$ 11,872

(1) Stock and warrants are generally non-income producing and restricted. The principal amount for debt is shown in the Consolidated Schedule of Investments as of December 31, 2012.

(2) Represents the total amount of interest or dividends credited to income for the year an investment was an affiliate or control investment.

(3) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, paid-in-kind interest or dividends, the amortization of discounts and closing fees and the exchange of one or more existing securities for one or more new securities. Gross additions also include net increase in unrealized appreciation or net decreases in unrealized depreciation.

(4) Gross reductions include decreases in the cost basis of investments resulting from principal repayments or sales and the exchange of one or more existing securities for one or more new securities. Gross reductions also include net increase in unrealized depreciation or net decreases in unrealized appreciation.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(unaudited)

(dollars in thousands, except per share data)

	March 31, 2013	December 31, 2012
Assets		
Investments:		
Non-control/Non-affiliate investments (cost of $957,508 and $896,031, respectively)	$ 953,788	$ 894,428
Affiliate investments (cost of $20,196 and $18,307, respectively)	14,196	11,872
Total investments, at fair value (cost of $977,704 and $914,338, respectively)	967,984	906,300
Cash and cash equivalents	206,928	182,994
Restricted Cash	810	
Interest receivable	9,674	9,635
Other assets	25,790	24,714
Total assets	$ 1,211,186	$ 1,123,643
Liabilities		
Accounts payable and accrued liabilities	$ 8,456	$ 11,575
Long-term Liabilities (Convertible Senior Note)	71,707	71,436
Asset-Backed Notes	120,051	129,300
2019 Notes	170,364	170,364
Long-term SBA Debentures	225,000	225,000
Total liabilities	$ 595,578	$ 607,675
Commitments and Contingencies (Note 9)		
Net assets consist of:		
Common stock, par value	62	53
Capital in excess of par value	660,833	564,508
Unrealized depreciation on investments	(8,281)	(7,947)
Accumulated realized losses on investments	(34,925)	(36,916)
Distributions in excess of investment income	(2,081)	(3,730)
Total net assets	$ 615,608	$ 515,968
Total liabilities and net assets	$ 1,211,186	$ 1,123,643
Shares of common stock outstanding ($0.001 par value, 100,000,000 authorized)	61,554	52,925
Net asset value per share	$ 10.00	$ 9.75

The following table presents the assets and liabilities of our consolidated variable interest entity (VIE). The assets of the VIE can only be used to settle obligations of the consolidated 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.

(Unaudited, in thousands)	**March 31, 2013**	**December 31, 2012**
ASSETS		
Restricted Cash	$ 810	$
Total investments, at fair value (cost of $219,853 and $0, respectively)	218,142	226,997

Total assets	$ 218,952	$ 226,997
LIABILITIES		
Asset-Backed Notes	$ 120,051	$ 129,300
Total liabilities	$ 120,051	$ 129,300

See notes to consolidated financial statements.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

(in thousands, except per share data)

	Three Months Ended March 31,	
	2013	**2012**
Investment income:		
Interest Income		
Non-control/Non-affiliate investments	$ 28,319	$ 20,281
Affiliate investments	610	6
Control investments		13
Total interest income	28,929	20,300
Fees		
Non-control/Non-affiliate investments	2,028	2,067
Total fees	2,028	2,067
Total investment income	30,957	22,367
Operating expenses:		
Interest	7,631	3,896
Loan fees	1,079	1,076
General and administrative	2,252	1,817
Employee Compensation:		
Compensation and benefits	3,798	3,395
Stock-based compensation	1,165	808
Total employee compensation	4,963	4,203
Total operating expenses	15,925	10,992
Net investment income	15,032	11,375
Net realized (losses) gains on investments		
Non-control/Non-affiliate investments	1,991	2,877
Total net realized (loss) gain on investments	1,991	2,877
Net unrealized (depreciation) appreciation on investments		
Non-control/Non-affiliate investments	(768)	1,751
Affiliate investments	434	1,076
Control investments		26
Total net unrealized (depreciation) appreciation on investments	(334)	2,853
Total net realized (unrealized) gain	1,657	5,730
Net increase in net assets resulting from operations	$ 16,689	$ 17,105
Net investment income before investment gains and losses per common share:		
Basic	$ 0.27	$ 0.24
Change in net assets per common share:		
Basic	$ 0.30	$ 0.36
Diluted	$ 0.30	$ 0.36

Weighted average shares outstanding		
Basic	53,682	47,018
Diluted	53,823	47,210

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 Stock		Capital in excess of par value	Unrealized Appreciation on Investments	Accumulated Realized Gains (Losses) on Investments	Distributions in Excess of Investment Income	Provision for Income Taxes on Investment Gains	Net Assets
	Shares	Par Value						
Balance at December 31, 2011	**43,853**	**$ 44**	**$ 484,244**	**$ (3,431)**	**$ (43,042)**	**$ (6,432)**	**$ (342)**	**$ 431,041**
Net increase in net assets resulting from operations				2,853	2,877	11,375		17,105
Issuance of common stock	5,425	5	49,773					49,778
Issuance of common stock under restricted stock plan	620	1						1
Issuance of common stock as stock dividend	62		670					670
Retired shares from net issuance	(239)		(2,562)					(2,562)
Dividends declared						(11,412)		(11,412)
Stock-based compensation			826					826
Balance at March 31, 2012	**49,721**	**$ 50**	**$ 532,951**	**$ (578)**	**$ (40,165)**	**$ (6,469)**	**$ (342)**	**$ 485,447**
Balance at December 31, 2012	52,925	$ 53	$ 564,509	$ (7,947)	$ (36,916)	$ (3,389)	$ (342)	$ 515,968
Net increase in net assets resulting from operations				(334)	1,991	15,032		16,689
Issuance of common stock	80		910					910
Issuance of common stock under restricted stock plan	531	1	(1)					
Issuance of common stock as stock dividend	40		488					488
Retired shares from net issuance	(72)		(1,808)					(1,808)
Public Offering	8,050	8	95,550					95,558
Dividends declared						(13,382)		(13,382)
Stock-based compensation			1,185					1,185
Balance at March 31, 2013	**61,554**	**$ 62**	**$ 660,833**	**$ (8,281)**	**$ (34,925)**	**$ (1,739)**	**$ (342)**	**$ 615,608**

See notes to consolidated financial statements.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(dollars in thousands)

	For the Three Months Ended March 31,	
	2013	**2012**
Cash flows from operating activities:		
Net increase in net assets resulting from operations	$ 16,689	$ 17,105
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:		
Purchase of investments	(139,095)	(64,961)
Principal payments received on investments	75,987	35,533
Proceeds from sale of investments	5,212	8,726
Net unrealized (appreciation) / depreciation on investments	334	(2,853)
Net realized (gain) / loss on investments	(1,991)	(2,877)
Accretion of paid-in-kind principal	(555)	(280)
Accretion of loan discounts	(1,455)	(916)
Accretion of loan discount on Convertible Senior Notes	271	271
Accretion of loan exit fees	(1,819)	(2,685)
Change in deferred loan origination revenue	313	(198)
Unearned fees related to unfunded commitments	(856)	(2,360)
Amortization of debt fees and issuance costs	938	913
Depreciation	68	71
Stock-based compensation and amortization of restricted stock grants	1,185	826
Change in operating assets and liabilities:		
Interest and fees receivable	(41)	(143)
Prepaid expenses and other assets	33	(75)
Accounts payable	(250)	(51)
Accrued liabilities	(2,682)	(3,733)
Net cash used in operating activities	(47,714)	(17,687)
Cash flows from investing activities:		
Purchases of capital equipment	(24)	(12)
Investment in restricted cash	(810)	
Other long-term assets	(30)	
Net cash used in investing activities	(864)	(12)
Cash flows from financing activities:		
Proceeds from issuance of common stock, net	94,660	47,218
Dividends paid	(12,894)	(10,742)
Repayments of credit facilities	(9,254)	(34,818)
Net cash provided by financing activities	72,512	1,658
Net increase / (decrease) in cash	23,934	(16,041)
Cash and cash equivalents at beginning of year	182,994	64,474
Cash and cash equivalents at end of year	$ 206,928	$ 48,433

See notes to consolidated financial statements.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2013

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment(1)	Principal Amount	Cost(2)	Value(3)
Maturity: Upon Liquidation					
Paratek Pharmaceuticals, Inc.	Drug Discovery & Development	Senior Debt(9) Matures upon liquidation Interest rate Fixed 10.00%	$ 45	$ 45	$ 45
		Senior Debt(9) Matures upon liquidation Interest rate Fixed 10.00%	$ 36	31	31
		Senior Debt(9) Matures upon liquidation No initial interest rate	$ 28	28	28
Total Paratek Pharmaceuticals, Inc.				104	104
Maturity: Under 1 Year Maturity					
Chroma Therapeutics, Ltd.(5)(10)	Drug Discovery & Development	Senior Debt Matures November 2013 Interest rate Prime + 7.75% or Floor rate of 12.00%	$ 3,007	3,714	3,675
Maturity: 1-5 Years Maturity					
ADMA Biologics, Inc.	Drug Discovery & Development	Senior Debt Matures April 2016 Interest rate Prime + 2.75% or Floor rate of 8.50%	$ 5,000	4,844	4,844
Anthera Pharmaceuticals Inc.(3)	Drug Discovery & Development	Senior Debt(11) Matures December 2014 Interest rate Prime + 7.30% or Floor rate of 10.55%	$ 18,199	18,574	18,574
Aveo Pharmaceuticals, Inc.(3)		Senior Debt(11)			

	Drug Discovery & Development	Matures September 2015 Interest rate Prime + 7.15% or Floor rate of 11.90%	$ 26,500	26,500	27,030
Cell Therapeutics, Inc.(3)	Drug Discovery & Development	Senior Debt Matures October 2016 Interest rate Prime + 9.00% or Floor rate of 12.25%	$ 10,000	9,670	9,670
Cempra, Inc.(3)	Drug Discovery & Development	Senior Debt(11) Matures December 2015 Interest rate Prime + 6.30% or Floor rate of 9.55%	$ 10,000	9,898	9,815
Concert Pharmaceuticals, Inc.	Drug Discovery & Development	Senior Debt(4) Matures October 2015 Interest rate Prime + 3.25% or Floor rate of 8.50%	$ 20,000	19,687	18,946
Coronado BioSciences, Inc.(3)	Drug Discovery & Development	Senior Debt(11) Matures March 2016 Interest rate Prime + 6.00% or Floor rate of 9.25%	$ 15,000	14,838	14,430

See notes to consolidated financial statements.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2013

(unaudited)

(dollars in thousands)

Portfolio Company	**Sub-Industry**	**Type of Investment[1]**	**Principal Amount**	**Cost[2]**	**Value[3]**
Dicerna Pharmaceuticals, Inc.	Drug Discovery & Development	Senior Debt Matures January 2015 Interest rate Prime + 4.40% or Floor rate of 10.15%	$ 8,168	$ 8,039	$ 7,921
Insmed, Inc.	Drug Discovery & Development	Senior Debt[11] Matures January 2016 Interest rate Prime + 4.75% or Floor rate of 9.25%	$ 20,000	19,438	19,498
Merrimack Pharmaceuticals, Inc.	Drug Discovery & Development	Senior Debt Matures May 2016 Interest rate Prime + 5.30% or Floor rate of 10.55%	$ 40,000	39,840	39,840
Neuralstem, Inc.[3]	Drug Discovery & Development	Senior Debt Matures June 2016 Interest rate Prime + 7.75% or Floor rate of 11.00%	$ 8,000	7,654	7,654
NeurogesX, Inc.[3]	Drug Discovery & Development	Senior Debt Matures February 2015 Interest rate Prime + 7.50% or Floor rate of 10.75%	$ 4,041	4,429	4,397
Total Debt Drug Discovery & Development (30.28%)*				187,229	186,398
Maturity: Under 1 Year Maturity					
PeerApp, Inc.	Communications	Senior Debt[4]			

	& Networking	Matures April 2013 Interest rate Prime + 7.50% or Floor rate of 11.50%	$ 159	248	248
Maturity: 1-5 Years Maturity					
Bridgewave Communications	Communications & Networking	Senior Debt Matures March 2016 Interest rate Fixed 8.00%	$ 7,500	7,163	4,369
OpenPeak, Inc.	Communications & Networking	Senior Debt(11) Matures July 2015 Interest rate Prime + 8.75% or Floor rate of 12.00%	$ 14,129	14,330	14,472
UPH Holdings, Inc.(8)	Communications & Networking	Senior Debt Matures April 2015 Interest rate Libor + 11.00% or Floor rate of 13.50%	$ 6,600	6,489	3,478
		Senior Debt Matures September 2015 Interest rate Libor + 11.00% or Floor rate of 13.50%	$ 338	333	178

See notes to consolidated financial statements.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2013

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment[1]	Principal Amount	Cost[2]	Value[3]
		Senior Debt Matures January 2017 Interest rate Libor + 11.00% or Floor rate of 13.50%	$ 3,594	$ 3,594	$ 1,894
Total UPH Holdings, Inc.				10,416	5,550
Total Debt Communications & Networking (4.00%)*				32,157	24,639
Maturity: 1-5 Years Maturity					
Clustrix, Inc.	Electronics & Computer Hardware	Senior Debt Matures December 2015 Interest rate Prime + 6.50% or Floor rate of 9.75%	$ 696	669	678
Identive Group, Inc.	Electronics & Computer Hardware	Senior Debt Matures November 2015 Interest rate Prime + 7.75% or Floor rate 11.00%	$ 7,500	7,562	7,562
OCZ Technology Group, Inc.[3]	Electronics & Computer Hardware	Senior Debt Matures April 2016 Interest rate Prime + 8.75% or Floor rate of 12.50%, PIK Interest 3.00%	$ 10,000	9,473	9,473
Total Debt Electronics & Computer Hardware (2.88%)				17,704	17,713
Maturity: Upon Liquidation					
Tada Innovations, Inc.	Software	Senior Debt[9] Matures upon liquidation	$ 100	100	

		Interest rate Fixed 8.00%			
Maturity: 1-5 Years Maturity					
Box, Inc.	Software	Senior Debt(4) Matures March 2016 Interest rate Prime + 3.75% or Floor rate of 7.50%	$ 10,000	9,947	9,513
		Senior Debt(4) Matures July 2014 Interest rate Prime + 5.25% or Floor rate of 8.50%	$ 866	930	919
		Senior Debt(11) Matures July 2016 Interest rate Prime + 5.13% or Floor rate of 8.88%	$ 20,000	20,211	19,574
Total Box, Inc.				31,088	30,006
Clickfox, Inc.	Software	Senior Debt Matures November 2015 Interest rate Prime + 8.25% or Floor rate of 11.50%	$ 7,788	7,209	7,443
EndPlay,Inc.	Software	Senior Debt Matures August 2015 Interest rate Prime + 7.35% or Floor rate 10.6%	$ 2,000	1,945	1,945

See notes to consolidated financial statements.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2013

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment[1]	Principal Amount	Cost[2]	Value[3]
Hillcrest Laboratories, Inc	Software	Senior Debt Matures July 2015 Interest rate Prime + 7.50% or Floor rate of 10.75%	$ 3,764	$ 3,701	$ 3,664
JackBe Corporation	Software	Senior Debt Matures January 2016 Interest rate Prime + 7.25% or Floor rate of 10.50%	$ 3,000	2,922	2,929
Kxen, Inc.	Software	Senior Debt[4] Matures January 2015 Interest rate Prime + 5.08% or Floor rate of 8.33%	$ 2,078	2,126	1,980
Neos Geosolutions, Inc.	Software	Senior Debt Matures May 2016 Interest rate Prime + 5.75% or Floor rate of 9.50%	$ 4,000	3,955	3,955
Total Debt Software (8.44%)*				53,046	51,922
Maturity: Under 1 Year Maturity					
Althea Technologies, Inc.	Specialty Pharmaceuticals	Senior Debt Matures October 2013 Interest rate Prime + 7.70% or Floor rate of 10.95%	$ 6,933	7,285	7,285
Quatrx Pharmaceuticals Company	Specialty Pharmaceuticals	Senior Debt[9] Matures March 2014 Interest rate Fixed 8.00%	$ 1,888	1,888	2,767

Total Debt Specialty Pharmaceuticals (1.63%)*				9,173	10,052
Maturity: 1-5 Years Maturity					
Achronix Semiconductor Corporation	Semiconductors	Senior Debt Matures January 2015 Interest rate Prime + 10.60% or Floor rate of 13.85%	$ 1,653	1,618	1,602
Total Debt Semiconductors (0.26%)*				1,618	1,602
Maturity: Under 1 Year Maturity					
Alexza Pharmaceuticals, Inc.[3]	Drug Delivery	Senior Debt[11] Matures October 2013 Interest rate Prime + 6.50% or Floor rate of 10.75%	$ 3,594	3,994	3,994
Maturity: 1-5 Years Maturity					
AcelRX Pharmaceuticals, Inc.[3]	Drug Delivery	Senior Debt[11] Matures December 2014 Interest rate Prime + 3.25% or Floor rate of 8.50%	$ 14,452	14,402	14,108

See notes to consolidated financial statements.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2013

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment(1)	Principal Amount	Cost(2)	Value(3)
BIND Therapeutics, Inc.	Drug Delivery	Senior Debt Matures July 2014 Interest rate Prime + 7.45% or Floor rate of 10.70%	$ 2,838	$ 2,875	$ 2,926
Intelliject, Inc.	Drug Delivery	Senior Debt(11) Matures June 2016 Interest rate Prime + 5.75% or Floor rate of 11.00%	$ 15,000	14,705	15,155
Nupathe, Inc.(3)	Drug Delivery	Senior Debt Matures May 2016 Interest rate Prime - 3.25% or Floor rate of 9.85%	$ 8,500	8,220	8,220
Revance Therapeutics, Inc.	Drug Delivery	Senior Debt Matures March 2015 Interest rate Prime + 6.60% or Floor rate of 9.85%	$ 16,594	16,582	16,379
Total Debt Drug Delivery (9.87%)*				60,778	60,782
Maturity: Under 1 Year Maturity					
Loku, Inc.	Internet Consumer & Business Services	Senior Debt(9) Matures June 2013 Interest rate Fixed 6.00%	$ 100	100	100
Tectura Corporation	Internet Consumer & Business Services	Revolving Line of Credit Matures July 2013 Interest rate LIBOR + 8.00% or Floor rate of 11.00%	$ 16,340	18,033	17,663
		Senior Debt Matures April 2013 Interest rate LIBOR + 10.00% or	$ 563	553	553

		Floor rate of 13.00%			
		Senior Debt Matures July 2013 Interest rate LIBOR + 10.00% or Floor rate of 13.00%	$ 1,000	1,000	1,000
Total Tectura Corporation				19,586	19,216
Maturity: 1-5 Years Maturity					
Ahhha, Inc.(8)	Internet Consumer & Business Services	Senior Debt Matures January 2015 Interest rate Fixed 12.00%	$ 350	347	
Blurb, Inc.	Internet Consumer & Business Services	Senior Debt Matures December 2015 Interest rate Prime + 5.25% or Floor rate 8.50%	$ 8,000	7,749	7,547
Education Dynamics, LLC	Internet Consumer & Business Services	Senior Debt Matures March 2016 Interest rate Fixed 12.50%, PIK Interest 1.50%	$ 26,750	26,386	25,563

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Portfolio Company	Sub-Industry	Type of Investment[1]	Principal Amount	Cost[2]	Value[3]
Just.Me, Inc.	Internet Consumer & Business Services	Senior Debt Matures June 2015 Interest rate Prime + 2.50% or Floor rate 5.75%	$ 750	$ 737	$ 689
		Senior Debt Matures June 2015 Interest rate Prime + 5.00% or Floor rate 8.25%	$ 750	732	709
Total Just.Me, Inc.				1,469	1,398
NetPlenish, Inc.	Internet Consumer & Business Services	Senior Debt Matures April 2015 Interest rate Fixed 10.00%	$ 500	492	460
Reply! Inc.	Internet Consumer & Business Services	Senior Debt[11] Matures September 2015 Interest rate Prime + 6.875% or Floor rate of 10.125%	$ 11,749	11,638	11,525
		Senior Debt[11] Matures September 2015 Interest rate Prime + 7.25% or Floor rate of 11.00%	$ 2,000	1,957	2,005
		Senior Debt Matures February 2016 Interest rate Prime + 7.25% or Floor rate of 10.50%	$ 3,000	2,977	2,977
Total Reply! Inc.				16,572	16,507
Second Rotation, Inc.	Internet Consumer & Business Services	Senior Debt Matures April 2016 Interest rate Prime + 7.00% or	$ 12,142	12,013	12,013

		Floor rate of 10.25%, PIK interest 2.50%			
ShareThis, Inc.	Internet Consumer & Business Services	Senior Debt Matures June 2016 Interest rate Prime + 7.50% or Floor rate of 10.75%	$ 15,000	14,349	14,349
Tectura Corporation	Internet Consumer & Business Services	Senior Debt Matures December 2014 Interest rate LIBOR + 10.00% or Floor rate of 13.00%	$ 6,468	6,412	6,230
Trulia, Inc.[3]	Internet Consumer & Business Services	Senior Debt[11] Matures September 2015 Interest rate Prime + 2.75% or Floor rate of 6.00%	$ 5,000	4,934	4,794
		Senior Debt[11] Matures September 2015 Interest rate Prime + 5.50% or Floor rate of 8.75%	$ 5,000	4,933	4,640
Total Trulia, Inc.				9,867	9,434

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Portfolio Company	Sub-Industry	Type of Investment(1)	Principal Amount	Cost(2)	Value(3)
Vaultlogix, Inc.	Internet Consumer & Business Services	Senior Debt Matures September 2016 Interest rate LIBOR + 8.50% or Floor rate of 10.00%, PIK interest 2.50%	$ 7,500	$ 7,740	$ 7,680
		Senior Debt Matures September 2015 Interest rate LIBOR + 7.00% or Floor rate of 8.50%	$ 9,903	9,864	9,580
Total Vaultlogix, Inc.				17,604	17,260
Wavemarket, Inc.	Internet Consumer & Business Services	Senior Debt(11) Matures September 2015 Interest rate Prime + 5.75% or Floor rate of 9.50%	$ 10,000	9,876	9,458
Total Debt Internet Consumer & Business Services (22.67%)*				142,822	139,535
Maturity: Under 1 Year Maturity					
InXpo, Inc.	Information Services	Senior Debt Matures March 2014 Interest rate Prime + 7.50% or Floor rate of 10.75%	$ 2,550	2,432	2,316
Maturity: 1-5 Years Maturity					
Cha Cha Search, Inc.	Information Services	Senior Debt Matures February 2015 Interest rate Prime + 6.25% or Floor rate of 9.50%	$ 2,364	2,334	2,277
Eccentex Corporation	Information Services	Senior Debt(11) Matures May 2015 Interest rate Prime + 7.00% or	$ 966	949	449

		Floor rate of 10.25%			
Jab Wireless, Inc.	Information Services	Senior Debt Matures November 2017 Interest rate Prime + 6.75% or Floor rate of 8.00%	$ 30,000	29,861	29,850
RichRelevance, Inc.	Information Services	Senior Debt Matures January 2015 Interest rate Prime + 3.25% or Floor rate of 7.50%	$ 3,778	3,762	3,661
Womensforum.com, Inc.	Information Services	Senior Debt(11) Matures October 2016 Interest rate LIBOR + 6.50% or Floor rate of 9.25%	$ 8,000	7,853	7,853
		Senior Debt(11) Matures October 2016 Interest rate LIBOR + 7.50% or Floor rate of 10.25%	$ 4,500	4,451	4,451
Total Womensforum.com, Inc.				12,304	12,304
Total Debt Information Services (8.26%)*				**51,642**	**50,857**

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Portfolio Company	Sub-Industry	Type of Investment[1]	Principal Amount	Cost[2]	Value[3]
Maturity: Upon Liquidation					
Novasys Medical, Inc.	Medical Device & Equipment	Senior Debt[9] Matures upon liquidation Interest rate Fixed 8.00%	$ 65	$ 65	$ 65
Maturity: Under 1 Year Maturity					
Gynesonics, Inc.	Medical Device & Equipment	Senior Debt Matures October 2013 Interest rate Prime + 8.25% or Floor rate of 11.50%	$ 3,073	3,178	3,178
Optiscan Biomedical, Corp.[6]	Medical Device & Equipment	Senior Debt Matures December 2013 Interest rate Prime + 8.20% or Floor rate of 11.45%	$ 8,260	9,101	9,265
Oraya Therapeutics, Inc.	Medical Device & Equipment	Senior Debt[9] Matures December 2013 Interest rate Fixed 7.00%	$ 500	500	500
Maturity: 1-5 Years Maturity					
Lanx, Inc.	Medical Device & Equipment	Senior Debt Matures October 2016 Interest rate Prime + 8.00% or Floor rate of 11.75%	$15,000	14,651	15,101
		Revolving Line of Credit Matures October 2015	$5,500	5,313	5,276
		Interest rate Prime + 6.75% or			

		Floor rate of 10.50%			
Total Lanx, Inc.				19,964	20,377
Medrobotics Corporation	Medical Device & Equipment	Senior Debt			
		Matures March 2016 Interest rate Prime + 7.85% or Floor rate of 11.10%	$5,000	4,766	4,766
MELA Sciences, Inc.	Medical Device & Equipment	Senior Debt			
		Matures November 2016 Interest rate Prime + 7.20% or Floor rate of 10.45%	$ 6,000	5,919	5,919
NinePoint Medical, Inc.	Medical Device & Equipment	Senior Debt			
		Matures January 2016 Interest rate Prime + 5.85% or Floor rate of 9.10%	$ 7,000	6,805	6,805
Oraya Therapeutics, Inc.	Medical Device & Equipment	Senior Debt(11)			
		Matures September 2015 Interest rate Prime + 5.50% or Floor rate of 10.25%	$ 9,711	9,542	9,678

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Portfolio Company	Sub-Industry	Type of Investment[1]	Principal Amount	Cost[2]	Value[3]
United Orthopedic Group, Inc.	Medical Device & Equipment	Senior Debt Matures July 2016 Interest rate Prime + 8.60% or Floor rate of 11.85%	$ 25,000	$ 24,215	$ 24,215
SonaCare Medical, LLC	Medical Device & Equipment	Senior Debt[11] Matures April 2016 Interest rate Prime + 7.75% or Floor rate of 11.00%	$ 6,000	5,919	5,855
Total Debt Medical Device & Equipment (14.72%)*				89,974	90,623
Maturity: 1-5 Years Maturity					
Navidea Biopharmaceuticals, Inc. (pka Neoprobe)[3]	Diagnostic	Senior Debt Matures December 2014 Interest rate Prime + 6.75% or Floor rate of 10.00%	$ 5,086	5,086	5,147
Tethys Bioscience Inc.	Diagnostic	Senior Debt[11] Matures December 2015 Interest rate Prime + 8.40% or Floor rate of 11.65%	$ 10,000	10,057	9,614
Total Debt Diagnostic (2.40%)*				15,143	14,761
Maturity: Under 1 Year Maturity					
Labcyte, Inc.	Biotechnology Tools	Senior Debt Matures May 2013 Interest rate Prime + 8.60% or Floor rate of 11.85%	$ 315	394	394

Maturity: 1-5 Years Maturity					
Labcyte, Inc.	Biotechnology Tools	Senior Debt(11)			
		Matures June 2016			
		Interest rate Prime + 6.70% or			
		Floor rate of 9.95%	$ 5,000	4,932	4,980
Total Debt Biotechnology Tools (0.87%)*				5,326	5,374
Maturity: 1-5 Years Maturity					
MedCall, LLC	Healthcare Services, Other	Senior Debt			
		Matures January 2016			
		Interest rate 7.79% or			
		Floor rate of 9.50%	$ 4,778	4,727	4,606
		Senior Debt			
		Matures January 2016			
		Interest rate LIBOR +8.00% or			
		Floor rate of 10.00%	$ 3,931	3,873	3,801
Total MedCall, LLC				8,600	8,407

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Portfolio Company	Sub-Industry	Type of Investment(1)	Principal Amount	Cost(2)	Value(3)
Pacific Child & Family Associates, LLC	Healthcare Services, Other	Senior Debt			
		Matures January 2015			
		Interest rate LIBOR + 8.00% or			
		Floor rate of 11.50%	$ 2,737	$ 2,741	$ 2,686
		Senior Debt			
		Matures January 2015			
		Interest rate LIBOR + 11.00% or			
		Floor rate of 14.00%, PIK interest 3.75%	$ 5,900	6,641	6,382
Total Pacific Child & Family Associates, LLC				9,382	9,068
ScriptSave (Medical Security Card Company, LLC)	Healthcare Services, Other	Senior Debt			
		Matures February 2016			
		Interest rate LIBOR + 8.75% or			
		Floor rate of 11.25%	$ 14,067	13,893	13,941
Total Debt Health Services, Other (5.10%)*				31,875	31,416
Maturity: 1-5 Years Maturity					
Entrigue Surgical, Inc.	Surgical Devices	Senior Debt			
		Matures December 2014			
		Interest rate Prime + 5.90% or			
		Floor rate of 9.65%	$ 2,183	2,168	2,171
Transmedics, Inc.	Surgical Devices	Senior Debt(11)			
		Matures November 2015			
		Interest rate Fixed 12.95%	$ 7,250	7,097	7,097
Total Debt Surgical Devices (1.51%)*				9,265	9,268
Maturity: 1-5 Years Maturity					
Westwood One Communications	Media/Content/ Info	Senior Debt			
		Matures October 2016	$ 19,614	18,253	17,890

		Interest rate LIBOR + 6.50% or Floor rate of 8.00%			
Women s Marketing, Inc.	Media/Content/ Info	Senior Debt Matures May 2016 Interest rate Libor + 9.50% or Floor rate of 12.00%, PIK interest 3.00%	$ 9,681	10,092	10,189
		Senior Debt[11] Matures November 2015 Interest rate Libor + 7.50% or Floor rate of 10.00%	$ 15,612	15,389	15,175
Total Women s Marketing, Inc.				25,481	25,364
Zoom Media Corporation	Media/Content/ Info	Senior Debt Matures December 2015 Interest rate Prime + 7.25% or Floor rate of 10.50%, PIK interest 3.75%	$ 5,000	4,738	4,738
	Media/Content/ Info	Revolving Line of Credit Matures December 2014 Interest rate Prime + 5.25% or Floor rate of 8.50%	$ 3,500	3,238	3,238
Total Zoom Media Corporation				7,976	7,976
Total Debt Media/Content/Info (8.32%)*				51,710	51,230

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Portfolio Company	Sub-Industry	Type of Investment[1]	Principal Amount	Cost[2]	Value[3]
Maturity: Under 1 Year Maturity					
BrightSource Energy, Inc.	Clean Tech	Senior Debt Matures January 2014 Interest rate Prime + 8.25% or Floor rate of 11.50%	$ 35,000	$ 34,645	$ 34,645
Solexel, Inc.	Clean Tech	Senior Debt Matures June 2013 Interest rate Prime + 8.25% or Floor rate of 11.50%	$ 1,476	1,474	1,474
		Senior Debt Matures June 2013 Interest rate Prime + 7.25% or Floor rate of 10.50%	$ 169	169	169
Total Solexel, Inc.				1,643	1,643
Maturity: 1-5 Years Maturity					
Alphabet Energy, Inc.	Clean Tech	Senior Debt Matures February 2015 Interest rate Prime + 5.75% or Floor rate of 9.00%	$ 1,772	1,679	1,679
American Supercondutor Corporation[3]	Clean Tech	Senior Debt[11] Matures December 2014 Interest rate Prime + 7.25% or Floor rate of 11.00%	$ 8,077	8,139	8,344
Comverge, Inc.	Clean Tech	Senior Debt Matures November 2017 Interest rate LIBOR + 8.00% or Floor rate of 9.50%	$ 20,000	19,605	19,605
	Clean Tech	Senior Debt Matures November 2017	$ 14,000	13,754	13,754

		Interest rate LIBOR + 9.50% or Floor rate of 11.00%			
Total Comverge, Inc.				33,359	33,359
Enphase Energy, Inc.(3)	Clean Tech	Senior Debt(11) Matures June 2014 Interest rate Prime + 5.75% or Floor rate of 9.00%	$ 3,167	3,169	3,135
	Clean Tech	Senior Debt Matures August 2016 Interest rate Prime + 8.25% or Floor rate of 11.50%	$ 7,400	7,353	7,353
Total Enphase Energy, Inc.				10,522	10,488
Glori Energy, Inc.	Clean Tech	Senior Debt(11) Matures June 2015 Interest rate Prime + 6.75% or Floor rate of 10.00%	$ 8,000	7,913	7,961
Integrated Photovoltaics, Inc.	Clean Tech	Senior Debt Matures February 2015 Interest rate Prime + 7.38% or Floor rate of 10.63%	$ 2,305	2,239	2,237
Polyera Corporation	Clean Tech	Senior Debt Matures June 2016 Interest rate Prime + 6.75% or Floor rate of 10.00%	$ 3,000	2,971	2,971

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Portfolio Company	**Sub-Industry**	**Type of Investment**[1]	**Principal Amount**	**Cost**[2]	**Value**[3]
Redwood Systems, Inc.	Clean Tech	Senior Debt Matures February 2016 Interest rate Prime + 6.50% or Floor rate of 9.75%	$ 5,000	$ 4,993	$ 4,993
SCIenergy, Inc.	Clean Tech	Senior Debt[4] Matures September 2015 Interest rate Prime + 8.75% or Floor rate 12.00%	$ 5,296	5,194	5,353
Stion Corporation	Clean Tech	Senior Debt[4] Matures February 2015 Interest rate Prime + 6.75% or Floor rate of 10.00%	$ 6,732	6,765	6,754
TAS Energy, Inc.	Clean Tech	Senior Debt Matures February 2015 Interest rate Prime + 7.75% or Floor rate of 11.00%	$ 10,000	9,630	9,630
		Senior Debt Matures February 2015 Interest rate Prime + 6.25% or Floor rate of 9.50%	$ 5,000	4,782	4,782
Total TAS Energy, Inc.				14,412	14,412
Total Debt Clean Tech (21.90%)*				134,474	134,839
Total Debt (143.11%)				$ 893,936	$ 881,011

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Portfolio Company	Sub-Industry	Type of Investment(1)	Series	Shares	Cost(2)	Value(3)
ADMA Biologics, Inc.	Drug Discovery & Development	Common Stock Warrants		25,000	$ 129	$ 115
Acceleron Pharmaceuticals, Inc.	Drug Discovery & Development	Common Stock Warrants		46,446	39	55
		Preferred Stock Warrants	Series B	110,270	35	45
Total Warrants Acceleron Pharmaceuticals, Inc.				156,716	74	100
Anthera Pharmaceuticals Inc.(3)	Drug Discovery & Development	Common Stock Warrants		321,429	984	61
Cell Therapeutics, Inc.(3)	Drug Discovery & Development	Common Stock Warrants		679,040	300	322
Cempra, Inc.(3)	Drug Discovery & Development	Common Stock Warrants		39,038	187	49
Chroma Therapeutics, Ltd.(5)(10)	Drug Discovery & Development	Preferred Stock Warrants	Series D	325,261	490	500
Concert Pharmaceuticals, Inc.	Drug Discovery & Development	Preferred Stock Warrants	Series C	400,000	367	133
Coronado Biosciences, Inc.(3)	Drug Discovery & Development	Common Stock Warrants		73,009	142	292
Dicerna Pharmaceuticals, Inc.	Drug Discovery & Development	Common Stock Warrants		50,000	28	15
		Preferred Stock Warrants	Series A	525,000	236	161
		Preferred Stock Warrants	Series B	660,000	311	202
Total Warrants Dicerna Pharmaceuticals, Inc.				1,235,000	575	378
EpiCept Corporation(3)	Drug Discovery & Development	Common Stock Warrants		325,204	4	
Horizon Pharma, Inc.(3)	Drug Discovery & Development	Common Stock Warrants		22,408	231	
Insmed, Incorporated(3)	Drug Discovery & Development	Common Stock Warrants		329,931	570	1,482

Merrimack Pharmaceuticals, Inc.[3]	Drug Discovery & Development	Common Stock Warrants		302,143	155	644
Neuralstem, Inc.[3]	Drug Discovery & Development	Common Stock Warrants		608,695	295	291
NeurogesX, Inc.[3]	Drug Discovery & Development	Common Stock Warrants		3,421,500	503	71
Portola Pharmaceuticals, Inc.	Drug Discovery & Development	Preferred Stock Warrants	Series B	687,023	151	268
Total Warrants Drug Discovery & Development (0.76%)*					5,157	4,706
Bridgewave Communications	Communications & Networking	Preferred Stock Warrants	Series 5	2,942,618	753	
Intelepeer, Inc.	Communications & Networking	Preferred Stock Warrants	Series C	117,958	102	184
Neonova Holding Company	Communications & Networking	Preferred Stock Warrants	Series A	450,000	94	21
OpenPeak, Inc.	Communications & Networking	Preferred Stock Warrants	Series E	25,646	149	11
PeerApp, Inc.	Communications & Networking	Preferred Stock Warrants	Series B	298,779	61	64
Peerless Network, Inc.	Communications & Networking	Preferred Stock Warrants	Series A	135,000	94	384
Ping Identity Corporation	Communications & Networking	Preferred Stock Warrants	Series B	1,136,277	52	118
UPH Holdings, Inc.[8]	Communications & Networking	Common Stock Warrants		145,877	131	
Purcell Systems, Inc.	Communications & Networking	Preferred Stock Warrants	Series B	110,000	123	69
Stoke, Inc.	Communications & Networking	Preferred Stock Warrants	Series C	158,536	53	184
		Preferred Stock Warrants	Series D	72,727	65	80
Total Stoke, Inc.				231,263	118	264
Total Warrants Communications & Networking (0.18%)*					1,677	1,115

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Atrenta, Inc.	Software	Preferred Stock Warrants	Series D	392,670	$ 121	$ 325
Box, Inc.	Software	Preferred Stock Warrants	Series C	271,070	117	2,380
		Preferred Stock Warrants	Series B	199,219	73	3,408
		Preferred Stock Warrants	Series D-1	62,255	193	319
Total Box, Inc.				532,544	383	6,107
Braxton Technologies, LLC.	Software	Preferred Stock Warrants	Series A	168,750	188	
Central Desktop, Inc.	Software	Preferred Stock Warrants	Series B	522,823	108	186
Clickfox, Inc.	Software	Preferred Stock Warrants	Series B	1,038,563	329	364
		Preferred Stock Warrants	Series C	592,019	730	234
Total Clickfox, Inc.				1,630,582	1,059	598
Daegis Inc. (pka Unify Corporation)(3)	Software	Common Stock Warrants		718,860	1,434	77
Endplay, Inc.	Software	Preferred Stock Warrants	Series B	180,000	67	21
Forescout Technologies, Inc.	Software	Preferred Stock Warrants	Series D	399,687	99	348
Hillcrest Laboratories, Inc.	Software	Preferred Stock Warrants	Series E	1,865,650	55	54
JackBe Corporation	Software	Preferred Stock Warrants	Series C	180,000	73	56
Kxen, Inc.	Software	Preferred Stock Warrants	Series D	184,614	47	7
Neos Geosolutions, Inc.	Software	Preferred Stock Warrants	Series 3	221,150	22	23
Rockyou, Inc.	Software	Preferred Stock Warrants	Series B	41,266	117	
SugarSync Inc.	Software	Preferred Stock Warrants	Series CC	332,726	78	168
		Preferred Stock Warrants	Series DD	107,526	34	41
Total SugarSync Inc.				440,252	112	209
Tada Innovations, Inc.	Software	Preferred Stock Warrants	Series A	20,833	25	
White Sky, Inc.	Software	Preferred Stock Warrants	Series B-2	124,295	54	3
WildTangent, Inc.	Software	Preferred Stock Warrants	Series 3A	100,000	238	55
Total Warrants Software (1.31%)*					4,202	8,069
Clustrix, Inc.	Electronics & Computer Hardware	Preferred Stock Warrants	Series B	49,732	12	6
OCZ Technology Group, Inc.(3)	Electronics & Computer Hardware	Common Stock Warrants		688,073	619	648
Shocking Technologies, Inc.	Electronics & Computer Hardware	Preferred Stock Warrants	Series A-1	181,818	63	201
Total Warrant Electronics & Computer Hardware (0.14%)*					694	855
Althea Technologies, Inc.	Specialty Pharmaceuticals	Preferred Stock Warrants	Series D	502,273	309	4,237
Quatrx Pharmaceuticals Company	Specialty Pharmaceuticals	Preferred Stock Warrants	Series E	340,534	308	
Total Warrants Specialty Pharmaceuticals (0.69%)*					617	4,237
IPA Holdings, LLC	Consumer & Business Products	Common Stock Warrants		650,000	275	368
Market Force Information, Inc.	Consumer & Business Products	Preferred Stock Warrants	Series A	99,286	24	87
Seven Networks, Inc.	Consumer & Business Products	Preferred Stock Warrants	Series C	1,821,429	174	80

ShareThis, Inc.	Consumer & Business Products	Preferred Stock Warrants	Series B	535,905	547	498
Wavemarket, Inc.	Consumer & Business Products	Preferred Stock Warrants	Series E	1,083,333	106	62
Total Warrant Consumer & Business Products (0.18%)*					1,126	1,095

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Portfolio Company	Sub-Industry	Type of Investment[1]	Series	Shares	Cost[2]	Value[3]
Achronix Semiconductor Corporation	Semiconductors	Preferred Stock Warrants	Series D	360,000	$ 160	$ 105
Enpirion, Inc.	Semiconductors	Preferred Stock Warrants	Series D	239,872	157	
iWatt, Inc.	Semiconductors	Preferred Stock Warrants	Series C	558,748	46	16
		Preferred Stock Warrants	Series D	1,954,762	582	316
Total iWatt, Inc.				2,513,510	628	332
Kovio Inc.	Semiconductors	Preferred Stock Warrants	Series B	319,352	92	30
Total Warrants Semiconductors (0.07%)*					1,037	437
AcelRX Pharmaceuticals, Inc.[3]	Drug Delivery	Common Stock Warrants		274,508	356	564
Alexza Pharmaceuticals, Inc.[3]	Drug Delivery	Common Stock Warrants		37,639	645	2
BIND Therapeutics, Inc.	Drug Delivery	Preferred Stock Warrants	Series C-1	150,000	291	422
Intelliject, Inc.	Drug Delivery	Preferred Stock Warrants	Series B	82,500	594	965
NuPathe, Inc.[3]	Drug Delivery	Common Stock Warrants		106,631	139	166
Revance Therapeutics, Inc.	Drug Delivery	Preferred Stock Warrants	Series D	269,663	557	577
Transcept Pharmaceuticals, Inc.[3]	Drug Delivery	Common Stock Warrants		61,452	87	55
Total Warrant Drug Delivery (0.45%)*					2,669	2,751
Blurb, Inc.	Internet Consumer & Business Services	Preferred Stock Warrants	Series B	439,336	323	318
		Preferred Stock Warrants	Series C	234,280	636	505
Total Blurb, Inc.				673,616	959	823
Invoke Solutions, Inc.	Internet Consumer & Business Services	Common Stock Warrants		53,084	38	
Just.Me	Internet Consumer & Business Services	Preferred Stock Warrants	Series A	102,299	20	29
Prism Education Group, Inc.	Internet Consumer & Business Services	Preferred Stock Warrants	Series B	200,000	43	
Reply! Inc.	Internet Consumer & Business Services	Preferred Stock Warrants	Series B	137,225	320	769
Second Rotation, Inc.	Internet Consumer & Business Services	Preferred Stock Warrants	Series D	151,827	165	202
Tectura Corporation	Internet Consumer & Business Services	Preferred Stock Warrants	Series B-1	253,378	51	

Total Warrants Internet Consumer & Business Services (0.30%)*					1,596	1,823
Buzznet, Inc.	Information Services	Preferred Stock Warrants	Series B	19,962	9	
Cha Cha Search, Inc.	Information Services	Preferred Stock Warrants	Series F	48,232	58	7
Eccentex Corporation	Information Services	Preferred Stock Warrants	Series A	408,719	31	
Intelligent Beauty, Inc.	Information Services	Preferred Stock Warrants	Series B	190,234	230	611
InXpo, Inc.	Information Services	Preferred Stock Warrants	Series C	648,400	98	32
		Preferred Stock Warrants	Series C-1	582,015	48	43
Total InXpo, Inc.				1,230,415	146	75
Jab Wireless, Inc.	Information Services	Preferred Stock Warrants	Series A	266,567	265	343
RichRelevance, Inc.	Information Services	Preferred Stock Warrants	Series D	112,749	98	39
Solutionary, Inc.	Information Services	Preferred Stock Warrants	Series A-2	111,311	96	62
Total Warrants Information Services (0.18%)*					933	1,137

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(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment[1]	Series	Shares	Cost[2]	Value[3]
EKOS Corporation	Medical Device & Equipment	Preferred Stock Warrants	Series C	4,448,135	$ 327	$
Gelesis, Inc.[6]	Medical Device & Equipment		LLC Interest	263,688	78	108
Lanx, Inc.	Medical Device & Equipment	Preferred Stock Warrants	Series C	1,203,369	441	755
Medrobotics Corporation	Medical Device & Equipment	Preferred Stock Warrants	Series D	424,008	343	404
NinePoint Medical, Inc.	Medical Device & Equipment	Preferred Stock Warrants	Series A	350,000	170	204
Novasys Medical, Inc.	Medical Device & Equipment	Preferred Stock Warrants	Series D	580,447	131	
		Common Stock Warrants		109,449	2	
Total Novasys Medical, Inc.				689,896	133	
Optiscan Biomedical, Corp.[6]	Medical Device & Equipment	Preferred Stock Warrants	Series D	6,206,187	1,252	432
Oraya Therapeutics, Inc.	Medical Device & Equipment	Preferred Stock Warrants	Series C	716,948	676	266
		Common Stock Warrants		95,498	66	47
Total Oraya Therapeutics, Inc.				812,446	742	313
United Orthopedic Group, Inc.	Medical Device & Equipment	Preferred Stock Warrants	Series A	423,076	608	599
SonaCare Medical, LLC	Medical Device & Equipment	Preferred Stock Warrants	Series G	141,388	188	110
Total Warrants Medical Device & Equipment (0.47%)*					4,282	2,925
Navidea Biopharmaceuticals, Inc. (pka Neoprobe)[3]	Diagnostic	Common Stock Warrants		333,333	244	318
Tethys Bioscience, Inc.	Diagnostic	Preferred Stock Warrants	Series E	617,683	147	117
Total Warrants Diagnostic (0.07%)*					391	435

Labcyte, Inc.	Biotechnology Tools	Preferred Stock Warrants	Series C	1,127,624	323	254
NuGEN Technologies, Inc.	Biotechnology Tools	Preferred Stock Warrants	Series B	204,545	45	202
		Preferred Stock Warrants	Series C	30,114	33	11
Total NuGEN Technologies, Inc.				234,659	78	213
Total Warrants Biotechnology Tools (0.08%)*					401	467
Entrigue Surgical, Inc.	Surgical Devices	Preferred Stock Warrants	Series B	62,500	87	
Transmedics, Inc.	Surgical Devices	Preferred Stock Warrants	Series B	40,436	225	
		Preferred Stock Warrants	Series D	175,000	100	227
Total Transmedics, Inc.				215,436	325	227
Gynesonics, Inc.	Surgical Devices	Preferred Stock Warrants	Series C	1,756,444	412	343
Total Warrants Surgical Devices (0.09%)*					824	570
Everyday Health, Inc. (pka Waterfront Media, Inc.)	Media/Content/ Info	Preferred Stock Warrants	Series C	110,018	60	76
Glam Media, Inc.	Media/Content/ Info	Preferred Stock Warrants	Series D	407,457	482	
Zoom Media Group, Inc.	Media/Content/ Info	Preferred Stock Warrants	n/a	1,204	348	337
Total Warrants Media/Content/Info (0.07%)*					890	413

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Portfolio Company	Sub-Industry	Type of Investment[1]	Series	Shares	Cost[2]	Value[3]
Alphabet Energy, Inc.	Clean Tech	Preferred Stock Warrants	Series A	86,328	$ 83	$ 141
American Supercondutor Corporation[3]	Clean Tech	Common Stock Warrants		139,275	244	123
BrightSource Energy, Inc.	Clean Tech	Preferred Stock Warrants	Series D	174,999	779	156
Calera, Inc.	Clean Tech	Preferred Stock Warrants	Series C	44,529	513	
EcoMotors, Inc.	Clean Tech	Preferred Stock Warrants	Series B	437,500	308	490
Enphase Energy, Inc.[3]	Clean Tech	Common Stock Warrants		37,500	102	55
Fulcrum Bioenergy, Inc.	Clean Tech	Preferred Stock Warrants	Series C-1	187,265	211	133
Glori Energy, Inc.	Clean Tech	Preferred Stock Warrants	Series C	145,932	165	71
GreatPoint Energy, Inc.	Clean Tech	Preferred Stock Warrants	Series D-1	393,212	548	
Integrated Photovoltaics, Inc.	Clean Tech	Preferred Stock Warrants	Series A-1	390,000	82	108
Polyera Corporation	Clean Tech	Preferred Stock Warrants	Series C	161,575	69	70
Propel Biofuels, Inc.	Clean Tech	Preferred Stock Warrants	Series C	3,200,000	211	227
Redwood Systems, Inc.	Clean Tech	Preferred Stock Warrants	Series C	331,250	3	
SCIenergy, Inc.	Clean Tech	Preferred Stock Warrants	Series D	1,061,168	361	163
Solexel, Inc.	Clean Tech	Preferred Stock Warrants	Series B	245,682	1,161	9
Stion Corporation	Clean Tech	Preferred Stock Warrants	Series E	110,226	317	142
TAS Energy, Inc.	Clean Tech	Preferred Stock Warrants	Series A	37,406	299	272
Trilliant, Inc.	Clean Tech	Preferred Stock Warrants	Series A	320,000	162	54
Total Warrants Clean Tech (0.36%)*					5,618	2,214
Total Warrants (5.40%)					32,114	33,249
Aveo Pharmaceuticals, Inc.[3]	Drug Discovery & Development	Common Stock		167,864	842	1,234
Dicerna Pharmaceuticals, Inc.	Drug Discovery & Development	Preferred Stock	Series B	502,684	502	454
Inotek Pharmaceuticals Corp.	Drug Discovery & Development	Preferred Stock	Series C	15,334	1,500	
Merrimack Pharmaceuticals, Inc.[3]	Drug Discovery & Development	Common Stock		546,448	2,000	3,333
Paratek Pharmaceuticals, Inc.	Drug Discovery & Development	Preferred Stock	Series H	244,158	1,000	376
		Common Stock		47,471	5	5
Total Paratek Pharmaceuticals, Inc.				291,629	1,005	381
Total Equity Drug Discovery & Development (0.88%)*					5,849	5,402
Acceleron Pharmaceuticals, Inc.	Drug Delivery	Preferred Stock	Series B	186,674	69	239
		Preferred Stock	Series B	600,601	243	227
		Preferred Stock	Series C	93,456	97	226
		Preferred Stock	Series E	43,488	61	63

		Preferred Stock	Series F	19,268	1,000	1,011
Total Acceleron Pharmaceuticals, Inc.				756,813	1,470	1,766
Merrion Pharma, Plc.(3)(5)(10)	Drug Delivery	Common Stock		20,000	9	
Nupathe, Inc.	Drug Delivery	Common Stock		50,000	146	162
Transcept Pharmaceuticals, Inc.(3)	Drug Delivery	Common Stock		41,570	500	199
Total Equity Drug Delivery (0.35%)*					2,125	2,127

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(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment(1)	Series	Shares	Cost(2)	Value(3)
Trulia, Inc.	Internet Consumer & Business Services	Common Stock		29,740	$ 141	$ 1,005
Philotic, Inc.	Internet Consumer & Business Services	Common Stock		8,121	93	
Total Equity Internet Consumers & Business Services (0.16%)*					234	1,005
E-band Communications, Corp.(6)	Communications & Networking	Preferred Stock	Series B	564,972	2,000	
		Preferred Stock	Series C	649,998	372	
		Preferred Stock	Series D	847,544	508	
		Preferred Stock	Series E	1,987,605	374	
Total E-band Communications, Corp.				4,050,119	3,254	
Glowpoint, Inc.(3)	Communications & Networking	Common Stock		114,192	101	168
Neonova Holding Company	Communications & Networking	Preferred Stock	Series A	500,000	250	190
Peerless Network, Inc.	Communications & Networking	Preferred Stock	Series A	1,000,000	1,000	4,031
Stoke, Inc.	Communications & Networking	Preferred Stock	Series E	152,905	500	538
Total Equity Communications & Networking (0.80%)*					5,105	4,927
Atrenta, Inc.	Software	Preferred Stock	Series C	1,196,845	508	1,058
		Preferred Stock	Series D	635,513	986	1,622
Total Atrenta, Inc.				1,832,358	1,494	2,680
Box, Inc.	Software	Preferred Stock	Series C	390,625	500	5,172
		Preferred Stock	Series D	158,127	500	2,094
		Preferred Stock	Series D-1	124,511	1,000	1,648
		Preferred Stock	Series D-2	220,751	2,001	2,923
		Preferred Stock	Series E	38,183	500	505
Total Box, Inc.				932,197	4,501	12,342
Caplinked, Inc.	Software	Preferred Stock	Series A-3	53,614	52	73
Highroads, Inc.	Software	Preferred Stock	Series A-3	190,170	307	297
Total Equity Software (2.50%)*					6,354	15,392
Virident Systems	Electronics & Computer Hardware	Preferred Stock	Series D	6,546,217	5,000	5,001

Total Equity Electronics & Computer Hardware (0.81%)*					5,000	5,001
Quatrx Pharmaceuticals Company	Specialty Pharmaceuticals	Preferred Stock	Series E	166,419	750	
Total Equity Specialty Pharmaceuticals (0.00%)*					750	
Caivis Acquisition Corporation	Consumer & Business Products	Common Stock	Series A	295,861	819	598
Facebook, Inc.[3]	Consumer & Business Products	Common Stock	Series B	307,500	9,558	7,517
IPA Holdings, LLC	Consumer & Business Products	Preferred Stock	LLC interest	500,000	500	539
Market Force Information, Inc.	Consumer & Business Products	Preferred Stock	Series B	187,970	500	682
Total Equity Consumer & Business Products (1.52%)*					11,377	9,336

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(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment(1)	Series	Shares	Cost(2)	Value(3)
iWatt, Inc.	Semiconductors	Preferred Stock	Series E	2,412,864	$ 490	$ 823
Total Equity Semiconductors (0.13%)*					490	823
Buzznet, Inc.	Information Services	Preferred Stock	Series C	263,158	250	
Good Technologies, Inc. (pka Visto Corporation)	Information Services	Common Stock		500,000	603	
Solutionary, Inc.	Information Services	Preferred Stock	Series A-1	189,495	17	158
		Preferred Stock	Series A-2	65,834	326	189
Total Solutionary, Inc.				255,329	343	347
Total Equity Information Services (0.06%)*					1,196	347
Gelesis, Inc.(6)	Medical Device & Equipment		LLC Interest	674,208		493
			LLC Interest	674,208	425	691
			LLC Interest	675,676	500	596
Total Gelesis, Inc.				2,024,092	925	1,780
Lanx, Inc.	Medical Device & Equipment	Preferred Stock	Series C	1,203,369	1,000	1,958
Novasys Medical, Inc.	Medical Device & Equipment	Preferred Stock	Series D-1	4,118,444	1,000	
Optiscan Biomedical, Corp.(6)	Medical Device & Equipment	Preferred Stock	Series B	6,185,567	3,000	476
		Preferred Stock	Series C-2	1,927,309	655	156
		Preferred Stock	Series D	20,251,220	1,932	1,978
Total Optiscan Biomedical, Corp.				28,364,096	5,587	2,610
Total Equity Medical Device & Equipment (1.03%)*					8,512	6,348
NuGEN Technologies, Inc.	Biotechnology Tools	Preferred Stock	Series C	189,394	500	756
Total Equity Biotechnology Tools (0.12%)*					500	756
Transmedics, Inc.	Surgical Devices	Preferred Stock	Series B	88,961	1,100	53
		Preferred Stock	Series C	119,999	300	131
		Preferred Stock	Series D	260,000	650	720
Total Transmedics, Inc.				468,960	2,050	904
Gynesonics, Inc.	Surgical Devices	Preferred Stock	Series B	219,298	250	62
		Preferred Stock	Series C	656,512	282	117

		Preferred Stock	Series C	1,621,553	580	605
Total Gynesonics, Inc.				875,810	1,112	784
Total Equity Surgical Devices (0.28%)*					3,162	1,688
Everyday Health, Inc. (pka Waterfront Media, Inc.)	Media/Content/ Info	Preferred Stock	Series D	145,590	1,000	572
Total Equity Media/Content/Info (0.09%)*					1,000	572
Total Equity (8.73%)					51,654	53,724
Total Investments (157.24%)					**$ 977,704**	**$ 967,984**

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(dollars in thousands)

* 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 $39,533 million, $48,528 million and $8,995 million respectively. The tax cost of investments is $978,533 million

(3) Except for warrants in nineteen publicly traded companies and common stock in eight publicly traded companies, all investments are restricted at March 31, 2013 and were valued at fair value as determined in good faith by 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 a company in which HTGC owns as 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 a company in which HTGC owners as least 25% but not more than 50% of the voting securities of the Company.

(8) Debt is on non-accrual status at March 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 loan secures the notes offered in the Debt Securitization (as defined in Note 4).

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

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December 31, 2012

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment[1]	Principal Amount	Cost[2]	Value[3]
Anthera Pharmaceuticals Inc.[3]	Drug Discovery & Development	Senior Debt[11] Matures December 2014 Interest rate Prime + 7.30% or Floor rate of 10.55%	$ 20,532	$ 20,745	$ 21,007
Aveo Pharmaceuticals, Inc.[3]	Drug Discovery & Development	Senior Debt[11] Matures September 2015 Interest rate Prime + 7.15% or Floor rate of 11.90%	$ 26,500	26,500	27,030
Cempra, Inc.[3]	Drug Discovery & Development	Senior Debt[11] Matures December 2015 Interest rate Prime + 6.30% or Floor rate of 9.55%	$ 10,000	9,862	9,902
Chroma Therapeutics, Ltd.[5][10]	Drug Discovery & Development	Senior Debt Matures November 2013 Interest rate Prime + 7.75% or Floor rate of 12.00%	$ 4,111	4,718	4,759
Concert Pharmaceuticals, Inc.[4]	Drug Discovery & Development	Senior Debt Matures October 2015 Interest rate Prime + 3.25% or Floor rate of 8.50%	$ 20,000	19,633	18,983
Coronado BioSciences, Inc.[3]	Drug Discovery & Development	Senior Debt[11] Matures March 2016 Interest rate Prime + 6.00% or Floor rate of 9.25%	$ 15,000	14,761	14,761
Dicerna Pharmaceuticals, Inc.	Drug Discovery & Development	Senior Debt Matures January 2015 Interest rate Prime + 4.40% or Floor rate of 10.15%	$ 9,166	8,996	8,929
Insmed, Inc.	Drug Discovery & Development	Senior Debt[11] Matures January 2016	$ 20,000	19,305	19,674

		Interest rate Prime + 4.75% or Floor rate of 9.25%			
Merrimack Pharmaceuticals, Inc.	Drug Discovery & Development	Senior Debt Matures May 2016 Interest rate Prime + 5.30% or Floor rate of 10.55%	$ 40,000	39,670	39,670
NeurogesX, Inc.[3]	Drug Discovery & Development	Senior Debt Matures February 2015 Interest rate Prime + 7.50% or Floor rate of 10.75%	$ 13,662	13,645	13,884
Paratek Pharmaceuticals, Inc.	Drug Discovery & Development	Senior Debt[9] Matures upon liquidation Interest rate Fixed 10.00%	$ 45	45	45
		Senior Debt[9] Matures upon liquidation Interest rate Fixed 10.00%	$ 36	31	31
Total Paratek Pharmaceuticals, Inc.				76	76
Total Debt Drug Discovery & Development (34.63%)*				177,911	178,675

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

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Portfolio Company	Sub-Industry	Type of Investment[1]	Principal Amount	Cost[2]	Value[3]
Bridgewave Communications	Communications & Networking	Senior Debt Matures March 2016 Interest rate Prime + 8.75% or Floor rate of 12.00%	$ 7,500	$ 7,003	$ 4,896
OpenPeak, Inc.	Communications & Networking	Senior Debt[11] Matures July 2015 Interest rate Prime + 8.75% or Floor rate of 12.00%	$ 15,000	15,008	15,158
PeerApp, Inc.[4]	Communications & Networking	Senior Debt Matures April 2013 Interest rate Prime + 7.50% or Floor rate of 11.50%	$ 501	588	588
UPH Holdings, Inc.	Communications & Networking	Senior Debt Matures April 2015 Interest rate Libor + 11.00% or Floor rate of 13.50%	$ 7,000	6,880	6,772
		Senior Debt Matures September 2015 Interest rate Libor + 11.00% or Floor rate of 13.50%	$ 347	343	333
		Senior Debt Matures December 2016 Interest rate Libor + 11.00% or Floor rate of 13.50%	$ 3,594	3,594	3,400
Total UPH Holdings, Inc.				10,817	10,505
Total Debt Communications & Networking (6.04%)*				33,416	31,147
Clustrix, Inc.	Electronics & Computer Hardware	Senior Debt Matures December 2015	$ 235	227	227

		Interest rate Prime + 6.50% or Floor rate of 9.75%			
Identive Group, Inc.	Electronics & Computer Hardware	Senior Debt Matures November 2015 Interest rate Prime + 7.75% or Floor rate 11.00%	$ 7,500	7,447	7,447
Total Debt Electronics & Computer Hardware (1.49%)				7,674	7,674
Box, Inc.(4)	Software	Senior Debt Matures March 2016 Interest rate Prime + 3.75% or Floor rate of 7.50%	$ 10,000	9,910	9,353
		Senior Debt Matures July 2014 Interest rate Prime + 5.25% or Floor rate of 8.50%	$ 1,018	1,075	1,060
		Senior Debt(11) Matures July 2016 Interest rate Prime + 5.13% or Floor rate of 8.88%	$ 20,000	20,138	19,274
Total Box, Inc.				31,123	29,687

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Portfolio Company	Sub-Industry	Type of Investment[1]	Principal Amount	Cost[2]	Value[3]
Clickfox, Inc.	Software	Senior Debt Matures November 2015 Interest rate Prime + 8.25% or Floor rate of 11.50%	$ 8,000	$ 7,318	$ 7,558
EndPlay,Inc.	Software	Senior Debt Matures August 2015 Interest rate Prime + 7.35% or Floor rate 10.6%	$ 2,000	1,930	1,930
Hillcrest Laboratories, Inc	Software	Senior Debt Matures July 2015 Interest rate Prime + 7.50% or Floor rate of 10.75%	$ 4,000	3,923	3,860
JackBe Corporation	Software	Senior Debt Matures January 2016 Interest rate Prime + 7.25% or Floor rate of 10.50%	$ 3,000	2,900	2,900
Kxen, Inc.[4]	Software	Senior Debt Matures January 2015 Interest rate Prime + 5.08% or Floor rate of 8.33%	$ 2,337	2,371	2,192
Tada Innovations, Inc.	Software	Senior Debt[9] Matures November 2012 Interest rate Fixed 8.00%	$ 100	100	
Total Debt Software (9.33%)*				49,665	48,127
Althea Technologies, Inc.	Specialty Pharmaceuticals	Senior Debt Matures October 2013 Interest rate Prime + 7.70% or Floor rate of 10.95%	$ 7,659	7,927	7,927
Quatrx Pharmaceuticals Company	Specialty Pharmaceuticals	Senior Debt[9]			

		Matures March 2014 Interest rate Fixed 8.00%	$ 1,888	1,888	2,394
Total Debt Specialty Pharmaceuticals (2.00%)*				9,815	10,321
Achronix Semiconductor Corporation	Semiconductors	Senior Debt Matures January 2015 Interest rate Prime + 10.60% or Floor rate of 13.85%	$ 1,847	1,803	1,783
Total Debt Semiconductors (0.34%)*				1,803	1,783
AcelRX Pharmaceuticals, Inc.(3)	Drug Delivery	Senior Debt(11) Matures December 2014 Interest rate Prime + 3.25% or Floor rate of 8.50%	$ 16,345	16,222	15,983
ADMA Biologics, Inc.	Drug Delivery	Senior Debt Matures February 2016 Interest rate Prime + 2.75% or Floor rate of 8.50%	$ 4,000	3,857	3,857

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Portfolio Company	Sub-Industry	Type of Investment[1]	Principal Amount	Cost[2]	Value[3]
Alexza Pharmaceuticals, Inc.[3]	Drug Delivery	Senior Debt[11] Matures October 2013 Interest rate Prime + 6.50% or Floor rate of 10.75%	$ 5,052	5,410	5,410
BIND Therapeutics, Inc.	Drug Delivery	Senior Debt Matures July 2014 Interest rate Prime + 7.45% or Floor rate of 10.70%	$ 3,326	3,320	3,387
Intelliject, Inc.	Drug Delivery	Senior Debt[11] Matures June 2016 Interest rate Prime + 5.75% or Floor rate of 11.00%	$ 15,000	$ 14,615	$ 15,065
Nupathe, Inc.[3]	Drug Delivery	Senior Debt Matures May 2016 Interest rate Prime - 3.25% or Floor rate of 9.85%	$ 8,500	8,166	8,166
Revance Therapeutics, Inc.	Drug Delivery	Senior Debt Matures March 2015 Interest rate Prime + 6.60% or Floor rate of 9.85%	$ 18,446	$ 18,330	$ 18,263
Total Debt Drug Delivery (13.59%)*				69,920	70,131
Ahhha, Inc.[8]	Internet Consumer & Business Services	Senior Debt Matures January 2015 Interest rate Fixed 12.00%	$ 350	347	
Blurb, Inc.	Internet Consumer & Business Services	Senior Debt Matures December 2015 Interest rate Prime + 5.25% or	$ 8,000	7,708	7,429

		Floor rate 8.50%			
Education Dynamics, LLC	Internet Consumer & Business Services	Senior Debt Matures March 2016 Interest rate Fixed 12.50%, PIK Interest 1.50%	$ 27,500	26,976	26,976
Just.Me, Inc.	Internet Consumer & Business Services	Senior Debt Matures June 2015 Interest rate Prime + 2.50% or Floor rate 5.75%	$ 750	732	680
		Senior Debt Matures June 2015 Interest rate Prime + 5.00% or Floor rate 8.25%	$ 750	727	704
Total Just.Me, Inc.				1,459	1,384
Loku, Inc.	Internet Consumer & Business Services	Senior Debt(9) Matures June 2013 Interest rate Fixed 6.00%	$ 100	100	100

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Portfolio Company	Sub-Industry	Type of Investment[1]	Principal Amount	Cost[2]	Value[3]
NetPlenish, Inc.	Internet Consumer & Business Services	Senior Debt Matures April 2015 Interest rate Fixed 10.00%	$ 500	490	452
Reply! Inc.	Internet Consumer & Business Services	Senior Debt[11] Matures September 2015 Interest rate Prime + 6.875% or Floor rate of 10.125%	$ 11,749	11,624	11,337
		Senior Debt[11] Matures September 2015 Interest rate Prime + 7.25% or Floor rate of 11.00%	$ 2,000	1,946	1,971
Total Reply! Inc.				13,570	13,308
Second Rotation, Inc.	Internet Consumer & Business Services	Senior Debt Matures August 2015 Interest rate Prime + 6.50% or Floor rate of 10.25%, PIK Interest 2.50%	$ 5,843	5,860	5,880
		Senior Debt Matures August 2015 Interest rate Prime + 6.50% or Floor rate of 10.25%, PIK Interest 1.50%	$ 1,947	$ 1,888	$ 1,909
		Revolving Line of Credit Matures January 2013 Interest rate Fixed 10.50%, PIK Interest 0.25%	$ 327	313	313
Total Second Rotation, Inc.				8,061	8,102

ShareThis, Inc.	Internet Consumer & Business Services	Senior Debt Matures June 2016 Interest rate Prime + 7.50% or Floor rate of 10.75%	$ 15,000	14,268	14,268
Tectura Corporation	Internet Consumer & Business Services	Revolving Line of Credit Matures July 2013 Interest rate Libor + 8.00% or Floor rate of 11.00%	$ 16,340	17,850	17,797
		Senior Debt Matures December 2014 Interest rate Libor + 10.00% or Floor rate of 13.00%	$ 6,978	6,908	6,827
		Senior Debt Matures April 2013 Interest rate Libor + 10.00% or Floor rate of 13.00%	$ 1,390	1,325	1,325
Total Tectura Corporation				26,083	25,949
Trulia, Inc.[3]	Internet Consumer & Business Services	Senior Debt[11] Matures September 2015 Interest rate Prime + 2.75% or Floor rate of 6.00%	$ 5,000	4,921	4,729
		Senior Debt[11] Matures September 2015 Interest rate Prime + 5.50% or Floor rate of 8.75%	$ 5,000	4,920	4,547
Total Trulia, Inc.				9,841	9,276

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

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(dollars in thousands)

Portfolio Company	**Sub-Industry**	**Type of Investment[1]**	**Principal Amount**	**Cost[2]**	**Value[3]**
Vaultlogix, Inc.	Internet Consumer & Business Services	Senior Debt Matures September 2016 Interest rate LIBOR + 8.50% or Floor rate of 10.00%, PIK interest 2.50%	$ 7,500	7,681	7,721
		Senior Debt Matures September 2015 Interest rate LIBOR + 7.00% or Floor rate of 8.50%	$ 10,253	10,190	9,854
Total Vaultlogix, Inc.				17,871	17,575
Votizen, Inc.	Internet Consumer & Business Services	Senior Debt[9] Matures February 2013 Interest rate Fixed 5.00%	$ 100	100	6
Wavemarket, Inc.	Internet Consumer & Business Services	Senior Debt[11] Matures September 2015 Interest rate Prime + 5.75% or Floor rate of 9.50%	$ 10,000	9,840	9,444
Total Debt Internet Consumer & Business Services (26.02%)*				136,714	134,269
Cha Cha Search, Inc.	Information Services	Senior Debt Matures February 2015 Interest rate Prime + 6.25% or Floor rate of 9.50%	$ 2,641	$ 2,604	$ 2,522
Eccentex Corporation	Information Services	Senior Debt[11] Matures May 2015 Interest rate Prime + 7.00% or Floor rate of 10.25%	$ 1,000	977	965
InXpo, Inc.	Information Services	Senior Debt			

		Matures March 2014 Interest rate Prime + 7.50% or Floor rate of 10.75%	$ 2,550	2,466	2,434
Jab Wireless, Inc.	Information Services	Senior Debt Matures November 2017 Interest rate Prime + 6.75% or Floor rate of 8.00%	$ 30,000	29,852	29,850
RichRelevance, Inc.	Information Services	Senior Debt Matures January 2015 Interest rate Prime + 3.25% or Floor rate of 7.50%	$ 4,245	4,210	4,068
Womensforum.com, Inc.	Information Services	Senior Debt(11) Matures October 2016 Interest rate LIBOR + 6.50% or Floor rate of 9.25%	$ 8,000	7,838	7,838
		Senior Debt(11) Matures October 2016 Interest rate LIBOR + 7.50% or Floor rate of 10.25%	$ 4,500	4,422	4,422
Total Womensforum.com, Inc.				12,260	12,260
Total Debt Information Services (10.10%)*				52,369	52,099

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(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment[(1)]	Principal Amount	Cost[(2)]	Value[(3)]
Gynesonics, Inc.	Medical Device & Equipment	Senior Debt Matures October 2013 Interest rate Prime + 8.25% or Floor rate of 11.50%	$ 3,912	3,975	4,014
		Senior Debt Matures February 2013 Interest rate Fixed 8.00%	$ 253	247	247
		Senior Debt Matures September 2013 Interest rate Fixed 8.00%	$ 36	30	30
Total Gynesonics, Inc.				4,252	4,291
Lanx, Inc.	Medical Device & Equipment	Senior Debt Matures October 2016 Interest rate Prime + 6.50% or Floor rate of 10.25%	$ 15,000	14,428	14,428
		Revolving Line of Credit Matures October 2015 Interest rate Prime + 5.25% or Floor rate of 9.00%	$ 5,500	5,300	5,300
Total Lanx, Inc.				19,728	19,728
Novasys Medical, Inc.	Medical Device & Equipment	Senior Debt[(9)] Matures January 2013 Interest rate Fixed 8.00%	$ 65	65	65
		Senior Debt[(9)] Matures August 2013 Interest rate Fixed 8.00%	$ 22	20	20

Total Novasys Medical, Inc.				85	85
Optiscan Biomedical, Corp.[6]	Medical Device & Equipment	Senior Debt Matures December 2013 Interest rate Prime + 8.20% or Floor rate of 11.45%	$ 8,260	$ 8,915	$ 9,080
		Senior Debt[9] Matures April 2013 Interest rate Fixed 8.00%	$ 288	288	288
		Senior Debt[9] Matures September 2013 Interest rate Fixed 8.00%	$ 123	123	123
Total Optiscan Biomedical, Corp.				9,326	9,491
Oraya Therapeutics, Inc.	Medical Device & Equipment	Senior Debt[9] Matures December 2013 Interest rate Fixed 7.00%	$ 500	500	500
		Senior Debt[11] Matures September 2015 Interest rate Prime + 5.50% or Floor rate of 10.25%	$ 10,000	9,798	10,079
Total Oraya Therapeutics, Inc.				10,298	10,579

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Portfolio Company	Sub-Industry	Type of Investment(1)	Principal Amount	Cost(2)	Value(3)
USHIFU, LLC	Medical Device & Equipment	Senior Debt(11) Matures April 2016 Interest rate Prime + 7.75% or Floor rate of 11.00%	$ 6,000	5,856	5,856
Total Debt Medical Device & Equipment (9.69%)*				49,545	50,030
Navidea Biopharmaceuticals, Inc. (pka Neoprobe)(3)	Diagnostic	Senior Debt Matures December 2014 Interest rate Prime + 6.75% or Floor rate of 10.00%	$ 5,741	5,691	5,752
Tethys Bioscience Inc.	Diagnostic	Senior Debt(11) Matures December 2015 Interest rate Prime + 8.40% or Floor rate of 11.65%	$ 10,000	9,940	10,026
Total Debt Diagnostic (3.06%)*				15,631	15,778
Labcyte, Inc.	Biotechnology Tools	Senior Debt Matures May 2013 Interest rate Prime + 8.60% or Floor rate of 11.85%	$ 761	834	834
		Senior Debt(11) Matures June 2016 Interest rate Prime + 6.70% or Floor rate of 9.95%	$ 5,000	4,890	4,995
Total Labcyte, Inc.				5,724	5,829

Total Debt Biotechnology Tools (1.13%)*				5,724	5,829
MedCall, LLC	Healthcare Services, Other	Senior Debt Matures January 2016 Interest rate 7.79% or Floor rate of 9.50%	$ 4,908	4,844	4,695
		Senior Debt Matures January 2016 Interest rate LIBOR +8.00% or Floor rate of 10.00%	$ 4,037	3,972	3,871
Total MedCall, LLC				8,816	8,566
Pacific Child & Family Associates, LLC	Healthcare Services, Other	Senior Debt Matures January 2015 Interest rate LIBOR + 9.00% or Floor rate of 11.50%	$ 3,661	$ 3,713	$ 3,713
		Revolving Line of Credit Matures January 2015 Interest rate LIBOR + 7.50% or Floor rate of 10.00%	$ 1,500	1,490	1,490
		Senior Debt Matures January 2015 Interest rate LIBOR + 11.50% or Floor rate of 14.00%, PIK interest 3.75%	$ 5,900	6,562	6,562
Total Pacific Child & Family Associates, LLC				11,765	11,765

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Portfolio Company	Sub-Industry	Type of Investment(1)	Principal Amount	Cost(2)	Value(3)
ScriptSave (Medical Security Card Company, LLC)	Healthcare Services, Other	Senior Debt Matures February 2016 Interest rate LIBOR + 8.75% or Floor rate of 11.25%	$ 16,375	16,168	16,150
Total Debt Health Services, Other (7.07%)*				36,749	36,481
Entrigue Surgical, Inc.	Surgical Devices	Senior Debt Matures December 2014 Interest rate Prime + 5.90% or Floor rate of 9.65%	$ 2,463	2,431	2,427
Transmedics, Inc.	Surgical Devices	Senior Debt(11) Matures November 2015 Interest rate Fixed 12.95%	$ 7,250	7,464	7,464
Total Debt Surgical Devices (1.92%)*				9,895	9,891
Westwood One Communications	Media/Content/Info	Senior Debt Matures October 2016 Interest rate LIBOR + 6.50% or Floor rate of 8.00%	$ 20,475	18,994	17,575
Women s Marketing, Inc.	Media/Content/Info	Senior Debt Matures May 2016 Interest rate Libor + 9.50% or Floor rate of 12.00%, PIK interest 3.00%	$ 9,681	10,002	10,002
		Senior Debt(11) Matures November 2015 Interest rate Libor + 7.50% or Floor rate of 10.00%	$ 16,362	16,105	15,787

Total Women s Marketing, Inc.				26,107	25,789
Zoom Media Corporation	Media/Content/Info	Senior Debt Matures December 2015 Interest rate Prime + 7.25% or Floor rate of 10.50%, PIK 3.75%	$ 5,000	4,657	4,657
	Media/Content/Info	Revolving Line of Credit Matures December 2014 Interest rate Prime + 5.25% or Floor rate of 8.50%	$ 3,000	2,700	2,700
Total Zoom Media Corporation				7,357	7,357
Total Debt Media/Content/Info (9.83%)*				52,458	50,721
Alphabet Energy, Inc.	Clean Tech	Senior Debt Matures February 2015 Interest rate Prime + 5.75% or Floor rate of 9.00%	$ 1,614	$ 1,531	$ 1,531
American Supercondutor Corporation(3)	Clean Tech	Senior Debt(11) Matures December 2014 Interest rate Prime + 7.25% or Floor rate of 11.00%	$ 9,231	9,161	9,438

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Portfolio Company	Sub-Industry	Type of Investment[1]	Principal Amount	Cost[2]	Value[3]
BrightSource Energy, Inc.	Clean Tech	Revolving Line of Credit Matures January 2013 Interest rate Prime + 7.25% or Floor rate of 10.50%	$ 35,000	34,870	34,870
Comverge, Inc.	Clean Tech	Senior Debt Matures November 2017 Interest rate LIBOR + 8.00% or Floor rate of 9.50%	$ 20,000	19,577	19,577
	Clean Tech	Senior Debt Matures November 2017 Interest rate LIBOR + 9.50% or Floor rate of 11.00%	$ 14,000	13,704	13,704
Total Comverge, Inc.				33,281	33,281
Enphase Energy, Inc.[3]	Clean Tech	Senior Debt[11] Matures June 2014 Interest rate Prime + 5.75% or Floor rate of 9.00%	$ 3,758	3,739	3,716
	Clean Tech	Senior Debt Matures August 2016 Interest rate Prime + 8.25% or Floor rate of 11.50%	$ 7,400	7,321	7,321
Total Enphase Energy, Inc.				11,060	11,037
Glori Energy, Inc.	Clean Tech	Senior Debt[11] Matures June 2015 Interest rate Prime + 6.75% or Floor rate of 10.00%	$ 8,000	7,832	7,988
Integrated Photovoltaics, Inc.	Clean Tech	Senior Debt Matures February 2015 Interest rate Prime + 7.38% or	$ 2,572	2,494	2,508

		Floor rate of 10.63%				
Polyera Corporation	Clean Tech	Senior Debt Matures June 2016 Interest rate Prime + 6.75% or Floor rate of 10.00%	$	3,000	2,952	2,952
Redwood Systems, Inc.	Clean Tech	Senior Debt Matures February 2016 Interest rate Prime + 6.50% or Floor rate of 9.75%	$	5,000	4,965	4,965
SCIenergy, Inc.(4)	Clean Tech	Senior Debt Matures September 2015 Interest rate Prime + 8.75% or Floor rate 12.00%	$	5,296	5,103	5,262
Solexel, Inc.	Clean Tech	Senior Debt Matures June 2013 Interest rate Prime + 8.25% or Floor rate of 11.50%	$	2,884	2,877	2,877
		Senior Debt Matures June 2013 Interest rate Prime + 7.25% or Floor rate of 10.50%	$	331	330	330
Total Solexel, Inc.					3,207	3,207

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Portfolio Company	Sub-Industry	Type of Investment[1]	Principal Amount	Cost[2]	Value[3]
Stion Corporation[4]	Clean Tech	Senior Debt Matures February 2015 Interest rate Prime + 6.75% or Floor rate of 10.00%	$ 7,519	7,483	7,545
Total Debt Clean Tech (24.14%)*				123,938	124,584
Total Debt (160.38%)				$ 833,228	$ 827,540

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Portfolio Company	Sub-Industry	Type of Investment[1]	Series	Shares	Cost[2]	Value[3]
Acceleron Pharmaceuticals, Inc.	Drug Discovery & Development	Common Stock Warrants		46,446	$ 39	$ 53
		Preferred Stock Warrants	Series A	426,000	69	345
		Preferred Stock Warrants	Series B	110,270	35	64
Total Warrants Acceleron Pharmaceuticals, Inc.				582,716	143	462
Anthera Pharmaceuticals Inc.[3]	Drug Discovery & Development	Common Stock Warrants		321,429	984	66
Cempra, Inc.[3]	Drug Discovery & Development	Common Stock Warrants		39,038	187	46
Chroma Therapeutics, Ltd.[5][10]	Drug Discovery & Development	Preferred Stock Warrants	Series D	325,261	490	500
Concert Pharmaceuticals, Inc.[4]	Drug Discovery & Development	Preferred Stock Warrants	Series C	400,000	367	126
Coronado Biosciences, Inc.[3]	Drug Discovery & Development	Common Stock Warrants		73,009	142	81
Dicerna Pharmaceuticals, Inc.	Drug Discovery & Development	Common Stock Warrants		50,000	28	16
		Preferred Stock Warrants	Series A	525,000	236	173
		Preferred Stock Warrants	Series B	660,000	311	217
Total Warrants Dicerna Pharmaceuticals, Inc.				1,235,000	575	406
EpiCept Corporation[3]	Drug Discovery & Development	Common Stock Warrants		325,204	4	
Horizon Pharma, Inc.[3]	Drug Discovery & Development	Common Stock Warrants		22,408	231	
Insmed, Incorporated[3]	Drug Discovery & Development	Common Stock Warrants		329,931	570	1,316
Merrimack Pharmaceuticals, Inc.[3]	Drug Discovery & Development	Common Stock Warrants		302,143	155	641
NeurogesX, Inc.[3]	Drug Discovery & Development	Common Stock Warrants		3,421,500	503	400
PolyMedix, Inc.[3]	Drug Discovery & Development	Common Stock Warrants		627,586	480	9
Portola Pharmaceuticals, Inc.	Drug Discovery & Development	Preferred Stock Warrants	Series B	687,023	152	298
Total Warrants Drug Discovery & Development (0.84%)*					4,983	4,351
Bridgewave Communications	Communications & Networking	Preferred Stock Warrants	Series 5	2,942,618	753	
Intelepeer, Inc.	Communications & Networking	Preferred Stock Warrants	Series C	117,958	101	190
Neonova Holding Company	Communications & Networking	Preferred Stock Warrants	Series A	450,000	94	23
OpenPeak, Inc.	Communications & Networking	Preferred Stock Warrants	Series E	25,646	149	9
PeerApp, Inc.[4]	Communications & Networking	Preferred Stock Warrants	Series B	298,779	61	47
Peerless Network, Inc.		Preferred Stock Warrants	Series A	135,000	95	352

	Communications & Networking					
Ping Identity Corporation	Communications & Networking	Preferred Stock Warrants	Series B	1,136,277	52	112

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Portfolio Company	Sub-Industry	Type of Investment[1]	Series	Shares	Cost[2]	Value[3]
UPH Holdings, Inc.	Communications & Networking	Common Stock Warrants		145,877	131	52
Purcell Systems, Inc.	Communications & Networking	Preferred Stock Warrants	Series B	110,000	123	62
Stoke, Inc.	Communications & Networking	Preferred Stock Warrants	Series C	158,536	53	135
		Preferred Stock Warrants	Series D	72,727	65	57
Total Stoke, Inc.				231,263	118	192
Total Warrants Communications & Networking (0.20%)*					1,677	1,039
Atrenta, Inc.	Software	Preferred Stock Warrants	Series D	392,670	$ 121	$ 322
Box, Inc.[4]	Software	Preferred Stock Warrants	Series C	271,070	117	2,235
		Preferred Stock Warrants	Series B	199,219	73	3,242
		Preferred Stock Warrants	Series D-1	62,255	194	566
Total Box, Inc.				532,544	384	6,043
Braxton Technologies, LLC.	Software	Preferred Stock Warrants	Series A	168,750	188	
Central Desktop, Inc.	Software	Preferred Stock Warrants	Series B	522,823	108	166
Clickfox, Inc.	Software	Preferred Stock Warrants	Series B	1,038,563	329	332
		Preferred Stock Warrants	Series C	592,019	730	213
Total Clickfox, Inc.				1,630,582	1,059	545
Daegis Inc. (pka Unify Corporation)[3]	Software	Common Stock Warrants		718,860	1,434	75
Endplay, Inc.	Software	Preferred Stock Warrants	Series B	180,000	67	39
Forescout Technologies, Inc.	Software	Preferred Stock Warrants	Series D	399,687	99	202
HighRoads, Inc.	Software	Preferred Stock Warrants	Series B	190,176	44	9
Hillcrest Laboratories, Inc.	Software	Preferred Stock Warrants	Series E	1,865,650	55	70
JackBe Corporation	Software	Preferred Stock Warrants	Series C	180,000	73	54
Kxen, Inc.[4]	Software	Preferred Stock Warrants	Series D	184,614	47	13
Rockyou, Inc.	Software	Preferred Stock Warrants	Series B	41,266	117	
SugarSync Inc.	Software	Preferred Stock Warrants	Series CC	332,726	78	123
		Preferred Stock Warrants	Series DD	107,526	34	30
Total SugarSync Inc.				440,252	112	153
Tada Innovations, Inc.	Software	Preferred Stock Warrants	Series A	20,833	25	
White Sky, Inc.	Software	Preferred Stock Warrants	Series B-2	124,295	54	3
WildTangent, Inc.	Software	Preferred Stock Warrants	Series 3A	100,000	238	82
Total Warrants Software (1.51%)*					4,225	7,776
Clustrix, Inc.	Electronics & Computer Hardware	Preferred Stock Warrants	Series B	49,732	12	13
Luminus Devices, Inc.	Electronics & Computer Hardware	Common Stock Warrants		26,386	600	
Shocking Technologies, Inc.		Preferred Stock Warrants	Series A-1	181,818	63	106

Electronics &
Computer
Hardware

Total Warrant Electronics & Computer Hardware (0.02%)*	675	119

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Portfolio Company	Sub-Industry	Type of Investment[1]	Series	Shares	Cost[2]	Value[3]
Althea Technologies, Inc.	Specialty Pharmaceuticals	Preferred Stock Warrants	Series D	502,273	309	889
Pacira Pharmaceuticals, Inc.[3]	Specialty Pharmaceuticals	Common Stock Warrants		178,987	1,086	1,263
Quatrx Pharmaceuticals Company	Specialty Pharmaceuticals	Preferred Stock Warrants	Series E	340,534	528	
Total Warrants Specialty Pharmaceuticals (0.42%)*					1,923	2,152
IPA Holdings, LLC	Consumer & Business Products	Common Stock Warrants		650,000	275	485
Market Force Information, Inc.	Consumer & Business Products	Preferred Stock Warrants	Series A	99,286	24	84
Seven Networks, Inc.	Consumer & Business Products	Preferred Stock Warrants	Series C	1,821,429	174	130
ShareThis, Inc.	Consumer & Business Products	Preferred Stock Warrants	Series B	535,905	547	543
Wageworks, Inc.[3]	Consumer & Business Products	Common Stock Warrants		211,765	252	2,023
Wavemarket, Inc.	Consumer & Business Products	Preferred Stock Warrants	Series E	1,083,333	106	61
Total Warrant Consumer & Business Products (0.64%)*					1,378	3,326
Achronix Semiconductor Corporation	Semiconductors	Preferred Stock Warrants	Series D	360,000	160	84
Enpirion, Inc.	Semiconductors	Preferred Stock Warrants	Series D	239,872	157	
iWatt, Inc.	Semiconductors	Preferred Stock Warrants	Series C	558,748	45	14
		Preferred Stock Warrants	Series D	1,954,762	583	289
Total iWatt, Inc.				2,513,510	628	303
Kovio Inc.	Semiconductors	Preferred Stock Warrants	Series B	319,352	92	
Quartics, Inc.	Semiconductors	Preferred Stock Warrants	Series C	69,139	53	
Total Warrants Semiconductors (0.08%)*					1,090	387
AcelRX Pharmaceuticals, Inc.[3]	Drug Delivery	Common Stock Warrants		274,508	$ 356	$ 406
ADMA Biologics, Inc.	Drug Delivery	Common Stock Warrants		25,000	129	128
Alexza Pharmaceuticals, Inc.[3]	Drug Delivery	Common Stock Warrants		37,639	645	8
BIND Biosciences, Inc.	Drug Delivery	Preferred Stock Warrants	Series C-1	150,000	291	446
Intelliject, Inc.	Drug Delivery	Preferred Stock Warrants	Series B	82,500	594	574
NuPathe, Inc.[3]	Drug Delivery	Common Stock Warrants		106,631	139	165
Revance Therapeutics, Inc.	Drug Delivery	Preferred Stock Warrants	Series D	269,663	557	618
Transcept Pharmaceuticals, Inc.[3]	Drug Delivery	Common Stock Warrants		61,452	87	44
Total Warrant Drug Delivery (0.46%)*					2,798	2,389
Blurb, Inc.	Internet Consumer & Business Services	Preferred Stock Warrants	Series B	439,336	323	347

		Preferred Stock Warrants	Series C	234,280	636	218
Total Blurb, Inc.				673,616	959	565
Invoke Solutions, Inc.	Internet Consumer & Business Services	Common Stock Warrants		53,084	38	

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Portfolio Company	Sub-Industry	Type of Investment[1]	Series	Shares	Cost[2]	Value[3]
Just.Me	Internet Consumer & Business Services	Preferred Stock Warrants	Series A	102,299	20	20
Prism Education Group, Inc.	Internet Consumer & Business Services	Preferred Stock Warrants	Series B	200,000	43	
Reply! Inc.	Internet Consumer & Business Services	Preferred Stock Warrants	Series B	137,225	320	802
Second Rotation	Internet Consumer & Business Services	Preferred Stock Warrants	Series D	105,819	105	113
Tectura Corporation	Internet Consumer & Business Services	Preferred Stock Warrants	Series B-1	253,378	51	12
Trulia, Inc.[3]	Internet Consumer & Business Services	Common Stock Warrants		56,053	188	368
Total Warrants Internet Consumer & Business Services (0.37%)*					1,724	1,880
Buzznet, Inc.	Information Services	Preferred Stock Warrants	Series B	19,962	9	
Cha Cha Search, Inc.	Information Services	Preferred Stock Warrants	Series F	48,232	58	5
Eccentex Corporation	Information Services	Preferred Stock Warrants	Series A	408,719	31	3
Intelligent Beauty, Inc.	Information Services	Preferred Stock Warrants	Series B	190,234	230	579
InXpo, Inc.	Information Services	Preferred Stock Warrants	Series C	648,400	98	43
	Information Services	Preferred Stock Warrants	Series C-1	267,049	25	24
Total InXpo, Inc.	Information Services			915,449	123	67
Jab Wireless, Inc.	Information Services	Preferred Stock Warrants	Series A	266,567	265	420
RichRelevance, Inc.	Information Services	Preferred Stock Warrants	Series D	112,749	98	28
Solutionary, Inc.	Information Services	Preferred Stock Warrants	Series A-2	111,311	96	5
Total Warrants Information Services (0.22%)*					910	1,107
EKOS Corporation	Medical Device & Equipment	Preferred Stock Warrants	Series C	4,448,135	327	
Gelesis, Inc.[6]	Medical Device & Equipment		LLC Interest	263,688	78	95
Lanx, Inc.	Medical Device & Equipment	Preferred Stock Warrants	Series C	1,203,369	441	445
Novasys Medical, Inc.	Medical Device & Equipment	Preferred Stock Warrants	Series D	580,447	131	
		Common Stock Warrants		109,449	2	
Total Novasys Medical, Inc.				689,896	133	

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Portfolio Company	Sub-Industry	Type of Investment(1)	Series	Shares	Cost(2)	Value(3)
Optiscan Biomedical, Corp.(6)	Medical Device & Equipment	Preferred Stock Warrants	Series D	6,206,187	1,069	151
Oraya Therapeutics, Inc.	Medical Device & Equipment	Preferred Stock Warrants	Series C	716,948	676	314
		Common Stock Warrants		95,498	66	62
Total Oraya Therapeutics, Inc.				812,446	742	376
USHIFU, LLC	Medical Device & Equipment	Preferred Stock Warrants	Series G	141,388	188	188
Total Warrants Medical Device & Equipment (0.24%)*					2,978	1,255
Navidea Biopharmaceuticals, Inc. (pka Neoprobe)(3)	Diagnostic	Common Stock Warrants		333,333	$ 244	$ 360
Tethys Bioscience, Inc.	Diagnostic	Preferred Stock Warrants	Series E	617,683	148	169
Total Warrants Diagnostic (0.10%)*					392	529
Labcyte, Inc.	Biotechnology Tools	Preferred Stock Warrants	Series C	1,127,624	323	247
NuGEN Technologies, Inc.	Biotechnology Tools	Preferred Stock Warrants	Series B	204,545	45	161
		Preferred Stock Warrants	Series C	30,114	33	8
Total NuGEN Technologies, Inc.				234,659	78	169
Total Warrants Biotechnology Tools (0.08%)*					401	416
Entrigue Surgical, Inc.	Surgical Devices	Preferred Stock Warrants	Series B	62,500	87	2
Transmedics, Inc.	Surgical Devices	Preferred Stock Warrants	Series B	40,436	225	
		Preferred Stock Warrants	Series D	175,000	100	100
Total Transmedics, Inc.					325	100
Gynesonics, Inc.	Surgical Devices	Preferred Stock Warrants	Series A	123,457	18	7
		Preferred Stock Warrants	Series C	1,474,261	387	298
Total Gynesonics, Inc.				1,597,718	405	305
Total Warrants Surgical Devices (0.08%)*					817	407
Everyday Health, Inc. (pka Waterfront Media, Inc.)	Media/Content/ Info	Preferred Stock Warrants	Series C	110,018	60	55
Glam Media, Inc.	Media/Content/ Info	Preferred Stock Warrants	Series D	407,457	482	
Zoom Media Group, Inc.		Preferred Stock Warrants	n/a	1,204	348	346

	Media/Content/ Info					
Total Warrants Media/Content/Info (0.08%)*					890	401
Alphabet Energy, Inc.	Clean Tech	Preferred Stock Warrants	Series A	79,083	68	148
American Supercondutor Corporation(3)	Clean Tech	Common Stock Warrants		139,275	244	122
BrightSource Energy, Inc.	Clean Tech	Preferred Stock Warrants	Series D	58,333	675	248
Calera, Inc.	Clean Tech	Preferred Stock Warrants	Series C	44,529	513	
EcoMotors, Inc.	Clean Tech	Preferred Stock Warrants	Series B	437,500	308	435
Enphase Energy, Inc.(3)	Clean Tech	Common Stock Warrants		37,500	102	17

See notes to consolidated financial statements.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2012

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment(1)	Series	Shares	Cost(2)	Value(3)
Fulcrum Bioenergy, Inc.	Clean Tech	Preferred Stock Warrants	Series C-1	187,265	211	104
Glori Energy, Inc.	Clean Tech	Preferred Stock Warrants	Series C	145,932	165	62
GreatPoint Energy, Inc.	Clean Tech	Preferred Stock Warrants	Series D-1	393,212	548	1
Integrated Photovoltaics, Inc.	Clean Tech	Preferred Stock Warrants	Series A-1	390,000	82	119
Polyera Corporation	Clean Tech	Preferred Stock Warrants	Series C	161,575	69	68
Propel Biofuels, Inc.	Clean Tech	Preferred Stock Warrants	Series C	3,200,000	211	317
Redwood Systems, Inc.	Clean Tech	Preferred Stock Warrants	Series C	331,250	3	2
SCIenergy, Inc.(4)	Clean Tech	Preferred Stock Warrants	Series D	1,061,168	361	145
Solexel, Inc.	Clean Tech	Preferred Stock Warrants	Series B	245,682	1,161	7
Stion Corporation(4)	Clean Tech	Preferred Stock Warrants	Series E	110,226	317	167
Trilliant, Inc.	Clean Tech	Preferred Stock Warrants	Series A	320,000	161	54
Total Warrants Clean Tech (0.39%)*					5,199	2,016
Total Warrants (5.73%)					$ 32,060	$ 29,550
Aveo Pharmaceuticals, Inc.(3)	Drug Discovery & Development	Common Stock		167,864	842	1,351
Dicerna Pharmaceuticals, Inc.	Drug Discovery & Development	Preferred Stock	Series B	502,684	502	488
Inotek Pharmaceuticals Corp.	Drug Discovery & Development	Preferred Stock	Series C	15,334	1,500	
Merrimack Pharmaceuticals, Inc.(3)	Drug Discovery & Development	Common Stock		546,448	2,000	3,328
Paratek Pharmaceuticals, Inc.	Drug Discovery & Development	Preferred Stock	Series H	244,158	1,000	283
		Common Stock		47,471	5	3
Total Paratek Pharmaceuticals, Inc.				291,629	1,005	286
Total Equity Drug Discovery & Development (1.06%)*					5,849	5,453
Acceleron Pharmaceuticals, Inc.	Drug Delivery	Preferred Stock	Series B	600,601	$ 1,000	$ 915
		Preferred Stock	Series C	93,456	242	205
		Preferred Stock	Series E	43,488	98	174
		Preferred Stock	Series F	19,268	61	77
Total Acceleron Pharmaceuticals, Inc.				756,813	1,401	1,371
Merrion Pharma, Plc.(3)(5)(10)	Drug Delivery	Common Stock		20,000	9	
Nupathe, Inc.	Drug Delivery	Common Stock		50,000	146	142

Transcept Pharmaceuticals, Inc.[3]	Drug Delivery	Common Stock		41,570	500	185
Total Equity Drug Delivery (0.33%)*					2,056	1,698
E-band Communications, Corp.[6]	Communications &					
	Networking	Preferred Stock	Series B	564,972	2,000	
		Preferred Stock	Series C	649,998	372	
		Preferred Stock	Series D	847,544	508	
		Preferred Stock	Series E	1,987,605	374	
Total E-band Communications, Corp.				4,050,119	3,254	

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2012

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment[1]	Series	Shares	Cost[2]	Value[3]
Glowpoint, Inc.[3]	Communications & Networking	Common Stock		114,192	101	227
Neonova Holding Company	Communications & Networking	Preferred Stock	Series A	500,000	250	200
Peerless Network, Inc.	Communications & Networking	Preferred Stock	Series A	1,000,000	1,000	3,692
Stoke, Inc.	Communications & Networking	Preferred Stock	Series E	152,905	500	631
UPH Holdings, Inc.	Communications & Networking	Common Stock		742,887		624
Total Equity Communications & Networking (1.04%)*					5,105	5,374
Atrenta, Inc.	Software	Preferred Stock	Series C	1,196,845	508	1,042
		Preferred Stock	Series D	635,513	986	1,604
Total Atrenta, Inc.				1,832,358	1,494	2,646
Box, Inc.[4]	Software	Preferred Stock	Series C	390,625	500	5,117
		Preferred Stock	Series D	158,127	500	2,071
		Preferred Stock	Series D-1	124,511	1,000	1,632
		Preferred Stock	Series D-2	220,751	2,001	2,892
		Preferred Stock	Series E	38,183	500	500
Total Box, Inc.				932,197	4,501	12,212
Caplinked, Inc.	Software	Preferred Stock	Series A-3	53,614	52	77
Total Equity Software (2.89%)*					6,047	14,935
Spatial Photonics, Inc.	Electronics & Computer Hardware	Preferred Stock	Series D	4,717,813	268	
Virident Systems	Electronics & Computer Hardware	Preferred Stock	Series D	6,546,217	5,000	4,922
Total Equity Electronics & Computer Hardware (0.95%)*					5,268	4,922
Quatrx Pharmaceuticals Company	Specialty Pharmaceuticals	Preferred Stock	Series E	166,419	750	

Total Equity Specialty Pharmaceuticals (0.00%)*					750	
Caivis Acquisition Corporation	Consumer & Business Products	Common Stock	Series A	295,861	819	597
Facebook, Inc.[3]	Consumer & Business Products	Common Stock	Series B	307,500	9,558	8,089
IPA Holdings, LLC	Consumer & Business Products	Preferred Stock	LLC interest	500,000	500	711
Market Force Information, Inc.	Consumer & Business Products	Preferred Stock	Series B	187,970	500	657
Wageworks, Inc.[3]	Consumer & Business Products	Common Stock	Series D	19,260	250	343
Total Equity Consumer & Business Products (2.02%)*					11,627	10,397
iWatt, Inc.	Semiconductors	Preferred Stock	Series E	2,412,864	490	752
Total Equity Semiconductors (0.15%)*					490	752

See notes to consolidated financial statements.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2012

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment(1)	Series	Shares	Cost(2)	Value(3)
Buzznet, Inc.	Information Services	Preferred Stock	Series C	263,158	$ 250	$
Good Technologies, Inc. (pka Visto Corporation)	Information Services	Common Stock		500,000	603	
Solutionary, Inc.	Information Services	Preferred Stock	Series A-1	189,495	18	235
		Preferred Stock	Series A-2	65,834	325	82
Total Solutionary, Inc.				255,329	343	317
Total Equity Information Services (0.06%)*					1,196	317
Gelesis, Inc.(6)	Medical Device & Equipment		LLC Interest	674,208		435
			LLC Interest	674,208	425	610
			LLC Interest	675,676	500	525
Total Gelesis, Inc.				2,024,092	925	1,570
Lanx, Inc.	Medical Device & Equipment	Preferred Stock	Series C	1,203,369	1,000	1,155
Novasys Medical, Inc.	Medical Device & Equipment	Preferred Stock	Series D-1	4,118,444	1,000	
Optiscan Biomedical, Corp.(6)	Medical Device & Equipment	Preferred Stock	Series B	6,185,567	3,000	314
		Preferred Stock	Series C-2	1,927,309	655	251
Total Optiscan Biomedical, Corp.				8,112,876	3,655	565
Total Equity Medical Device & Equipment (0.64%)*					6,580	3,290
NuGEN Technologies, Inc.	Biotechnology Tools	Preferred Stock	Series C	189,394	500	600
Total Equity Biotechnology Tools (0.12%)*					500	600
Transmedics, Inc.	Surgical Devices	Preferred Stock	Series B	88,961	1,100	
		Preferred Stock	Series C	119,999	300	
		Preferred Stock	Series D	260,000	650	650
Total Transmedics, Inc.				468,960	2,050	650
Gynesonics, Inc.	Surgical Devices	Preferred Stock	Series B	219,298	250	159
		Preferred Stock	Series C	656,512	282	251

Total Gynesonics, Inc.				875,810	532	410
Total Equity Surgical Devices (0.20%)*					2,582	1,060
Everyday Health, Inc. (pka Waterfront Media, Inc.)	Media/Content/ Info	Preferred Stock	Series D	145,590	1,000	412
Total Equity Media/Content/Info (0.08%)*					1,000	412
Total Equity (9.54%)				45,081,540	$ 49,050	$ 49,210
					49,050	49,210
Total Investments (175.65%)					**$ 914,338**	**$ 906,300**

* Value as a percent of net assets
(1) Preferred and common stock, warrants, and equity interests are generally non-income producing.

See notes to consolidated financial statements.

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2012

(dollars in thousands)

(2) Gross unrealized appreciation, gross unrealized depreciation, and net depreciation for federal income tax purposes totaled $19.9 million, $27.6 million and $7.8 million respectively. The tax cost of investments is $916.9 million

(3) Except for warrants in twenty publicly traded companies and common stock in eight publicly traded companies, all investments are restricted at December 31, 2012 and were valued at fair value as determined in good faith by 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 as 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 owners as least 25% but not more than 50% of the voting securities of the Company.

(8) Debt is on non-accrual status at December 31, 2012, 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 loan secures the notes offered in the Debt Securitization (as defined in Note 4).

See notes to consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1. Description of Business and Unaudited Interim Consolidated Financial Statements 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 clean-technology industries at all stages of development. The Company sources its investments through its principal office located in Silicon Valley, as well as through its additional offices in Boston, MA, New York, NY, Chicago, IL, Boulder, CO 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 has elected to be treated for tax purposes as a regulated investment company, or RIC, under the Code (see Note 5).

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. 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).

HT II and HT III hold approximately $152.7 million and $257.5 million in assets, respectively, and accounted for approximately 9.8% and 16.5% of our total assets prior to consolidation at March 31, 2013.

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). The Company currently qualifies as a RIC for federal income tax purposes, which allows the Company to avoid paying corporate income taxes on any income or gains that the Company distributes to our stockholders. The purpose of establishing these entities is to satisfy the RIC tax requirement that at least 90% of the Company s gross income for income tax purposes is investment income.

The consolidated financial statements include the accounts of the Company and its subsidiaries. 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 presentation 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, 2012. 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 variable interest entities 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 its 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.

Out-of-Period Items

During the three-month period ended March 31, 2013, the Company recorded an out-of-period adjustment related to 2012 unrecorded escrow balances which increased total assets and unrealized appreciation by approximately $1.2 million at March 31, 2013. The Company evaluated the total out-of-period adjustments in relation to the current period, which is when they were corrected, as well as the period in which they originated and concluded that these adjustments are not material to both the consolidated quarterly and annual financial statements for all impacted periods. There is no change to net investment income (and by definition, no change to net investment income per share).

Valuation of Investments

The Company s investments are carried at fair value in accordance with the 1940 Act and Accounting Standards Codification (ASC) topic 820 Fair Value Measurements and Disclosures (formerly known as SFAS

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No. 157, Fair Value Measurements). At March 31, 2013, 79.9% 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 debt securities are primarily invested in venture capital-backed companies in technology-related markets, including technology, biotechnology, life science and clean 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 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 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.

Our Board of Directors 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 or investment 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 valuation committee of the Board of Directors reviews the preliminary valuation of the investment committee which incorporates the results of the independent valuation firm as appropriate;

(4) the Board of Directors 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 valuation committee.

The Company adopted ASC 820 on January 1, 2008. ASC 820 establishes a framework for measuring the fair value of the 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 enhances disclosure requirements 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 but does not expand the use of fair value in any new circumstances. 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.

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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 table provides quantitative information about the Company s Level 3 fair value measurements of the Company s investments as of March 31, 2013 (unaudited). In addition to the techniques and inputs noted in the table 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 below table 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 Debt Investments	**Fair Value at March 31, 2013** *(in thousands)*	**Valuation Techniques/ Methodologies**	**Unobservable Input[(a)]**	**Range**
Pharmaceuticals Debt	$ 264,707	Market Comparable Companies	Hypothetical Market Yield	13.84% - 19.29%
			Premium/(Discount)	(2.0%) - 1.0%
		Option Pricing Model[(b)]	Average Industry Volatility[(c)]	57.97%
			Risk Free Interest Rate	0.170%
			Estimated Time to Exit (in months)	12.17
Medical Devices Debt	60,674	Market Comparable Companies	Hypothetical Market Yield	16.77%
			Premium	0.00% - 1.00%
Technology Debt	164,844	Market Comparable Companies	Hypothetical Market Yield	12.36% - 19.30%
			Premium/(Discount)	(2.00%) - 2.00%
		Liquidation	Investment Collateral	$0.00 - $7.08 million
Clean Tech Debt	105,436	Market Comparable Companies	Hypothetical Market Yield	13.03% - 17.17%
			Premium	0.00% - 1.00%
Lower Middle Market Debt	285,350	Market Comparable Companies	Hypothetical Market Yield	11.07% - 21.85%
			Premium	0.00% - 1.00%
		Broker Quote[(d)]	Price Quotes	81.0% - 100% of par
			Market Comparable Index Yield Spreads	3.50% - 5.93%
			Par Value	$30.0 million

Total Level Three Debt Investments	$	881,011

(a) The significant unobservable inputs used in the fair value measurement of our 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 our 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.

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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.

Clean Tech, above, aligns with the Clean Tech Industry in the Schedule of Investments.

(b) An option pricing model valuation technique was used to derive the fair value of the conversion feature of convertible notes.
(c) Represents the range of industry volatility used by market participants when pricing the investment.
(d) A broker quote valuation technique was used to derive the fair value of loans which are part of a syndicated facility.

Investment Type -	Fair Value at March 31, 2013 *(unaudited, in thousands)*		Valuation Techniques/ Methodologies	Unobservable Input[(a)]	Range
Level Three Equity Investments	$	40,106	Market Comparable Companies	EBITDA Multiple[(b)]	4.30x - 24.55x
				Revenue Multiple[(b)]	0.59x - 16.29x
				Discount for Lack of Marketability[(c)]	10.4% - 25.20%
Level Three Warrant Investments		28,030	Market Comparable Companies	EBITDA Multiple[(b)]	4.30x - 24.55x
				Revenue Multiple[(b)]	0.59x - 16.29x
				Discount for Lack of Marketability[(c)]	10.4% - 25.20%
Warrant positions additionally subject to:			Option Pricing Model	Average Industry Volatility[(d)]	43.53% - 140.36%
				Risk-Free Interest Rate	0.15% - 0.64%
				Estimated Time to Exit (in months)	12 - 48
Total Level Three Warrant and Equity Investments	$	68,136			

(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.

Debt Investments

The Company s debt securities are primarily invested in venture capital-backed companies in technology-related markets, including technology, biotechnology, life science and clean 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 these investment securities to be traded or exchanged.

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. 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 uses pricing on recently issued comparable debt securities to determine the baseline hypothetical market yields as of the measurement date. 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 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.

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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 yield and interest rate spreads of similar securities as of the measurement date. The Company values its syndicated loans 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 loan is doubtful or if under the in exchange premise when the value of a debt security was to be less than 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 were to be 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 and warrants or other equity-related securities received. Any resulting discount on the loan 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 March 31, 2013 (unaudited) and as of December 31, 2012. 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 three-months ended March 31, 2013, there were no transfers in between Levels 1 or 2.

		Investments at Fair Value as of March 31, 2013		
(in thousands) **Description**	**3/31/2013**	**Quoted Prices In Active Markets For Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Senior secured debt	$ 881,011	$	$	$ 881,011
Preferred stock	39,016			39,016
Common stock	14,708	13,618		1,090
Warrants	33,249		5,219	28,030
	$ 967,984	$ 13,618	$ 5,219	$ 949,147

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(in thousands) Description	12/31/2012	Investments at Fair Value as of December 31, 2012 Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Senior secured debt	$ 827,540	$	$	$ 827,540
Preferred stock	33,889			33,889
Common stock	15,321	13,665		1,656
Warrants	29,550		7,410	22,140
	$ 906,300	$ 13,665	$ 7,410	$ 885,225

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 three-months ended March 31, 2013 (unaudited) and December 31, 2012.

(in thousands)	Balance, January 1, 2013	Net Realized Gains (losses)(1)	Net change in unrealized appreciation or (depreciation)(2)	Purchases	Sales	Repayments	Gross Transfers into Level 3(3)	Gross Transfers out of Level 3(3)	Balances, March 31, 2013
Senior Debt	$ 827,540	$	$ (7,237)	$ 143,715	$	$ (82,171)	$	$ (836)	$ 881,011
Preferred Stock	33,889	(268)	2,507	2,112			776		39,016
Common Stock	1,656	188	(659)		(188)		93		1,090
Warrant	$ 22,140	2,071	5,043	1,834	(3,058)				28,030
Total	$ 885,225	$ 1,991	$ (346)	$ 147,661	$ (3,246)	$ (82,171)	$ 869	$ (836)	$ 949,147

(in thousands)	Balance, January 1, 2012	Net Realized Gains (losses)(1)	Net change in unrealized appreciation or depreciation(2)	Purchases	Sales	Repayments	Gross Transfers into Level 3	Gross Transfers out of Level 3	Balances, December 31, 2012
Senior Debt	$ 585,767	$ (5,178)	$ (2,262)	$ 545,913	$ (2,000.00)	$ (294,294)	$	$ (406)	$ 827,540
Preferred Stock	30,289	(733)	4,112	10,562	(6,553)		356	(4,144)	33,889
Common Stock	90	(16)	5,523	9,558	(45)			(13,453)	1,656
Warrants	26,284	4,413	(2,453)	7,362	(9,211)			(4,256)	22,140
Total	$ 642,430	$ (1,514)	$ 4,920	$ 573,395	$ (17,809)	$ (294,294)	$ 356	$ (22,259)	$ 885,225

(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 or depreciation in the accompanying consolidated statements of operations.
(3) Transfers in/out of Level 3 relate to the conversion of Optiscan Biomedical, Inc., Gynesonics, Inc. and Philotic, Inc. debt to equity.

For the three months ended March 31, 2013, approximately $1.6 million and $4.4 million in unrealized appreciation was recorded for equity and warrant Level 3 investments, respectively, relating to assets still held at the reporting date. For the same period, approximately $7.2 million in unrealized depreciation was recorded for Level 3 debt investments relating to assets still held at the reporting date.

For the year ended December 31, 2012, approximately $3.8 million in unrealized appreciation and $2.2 million in unrealized depreciation was recorded for equity and warrant Level 3 investments, respectively, relating to assets still held at the reporting date. For the same period, approximately $2.3 million in unrealized depreciation was recorded for Level 3 debt investments 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

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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 control and affiliate investments for the three-months ended March 31, 2013 and 2012 (unaudited):

(in thousands)		March 31, 2013				
Portfolio Company	**Type**	**Fair Value at March 31, 2013**	**Investment Income**	**Unrealized (Depreciation)/ Appreciation**	**Reversal of Unrealized (Depreciation)/ Appreciation**	**Realized Gain/ (Loss)**
Gelesis, Inc.	Non-Controlled Affiliate	$ 1,888	$	$ 222	$	$
Optiscan BioMedical, Corp.	Non-Controlled Affiliate	12,308	610	212		
Total		$ 14,196	$ 610	$ 434	$	$

(in thousands)		March 31, 2012				
Portfolio Company	**Type**	**Fair Value at March 31, 2012**	**Investment Income**	**Unrealized (Depreciation)/ Appreciation**	**Reversal of Unrealized (Depreciation)/ Appreciation**	**Realized Gain/(Loss)**
MaxVision Holding, LLC.	Control	$ 675	$ 13	$ 26	$	$
E-Band Communications, Corp.	Non-Controlled Affiliate	1,094	6	1,076		
Total		$ 1,769	$ 19	$ 1,102	$	$

At March 31, 2013, the Company did not hold any Control Investments. The Company s investment in MaxVision Holding, L.L.C., a company that was a Control Investment as of March 31, 2012, was liquidated during the year ended December 31, 2012. On July 31, 2012, the Company received payment of $2.0 million for its total debt investments in Maxvision Holding, L.L.C. Approximately $8.7 million of realized losses and $10.5 million of net change in unrealized appreciation was recognized on this control debt and equity investment during the year ended December 31, 2012.

During the year ended December 31, 2012, Gelesis, Inc. and Optiscan BioMedical, Corp. became non-controlled affiliates as companies in which the Company owns 5% or more but less than 25% of the voting securities of the company.

The Company has one additional non-controlled affiliate investment, E-band Communications, Corp, that has a fair value of zero at March 31, 2013, and no investment income, unrealized depreciation, realized depreciation or realized loss for the three-month period ended March 31, 2013.

A summary of the composition of the Company s investment portfolio as of March 31, 2013 (unaudited) and December 31, 2012 at fair value is shown as follows:

	March 31, 2013		December 31, 2012	
(in thousands)	**Investments at Fair Value**	**Percentage of Total Portfolio**	**Investments at Fair Value**	**Percentage of Total Portfolio**
Senior secured debt with warrants	$ 700,498	72.4%	$ 652,041	72.0%
Senior secured debt	213,762	22.1%	205,049	22.6%
Preferred stock	39,504	4.1%	33,885	3.7%

Common Stock	14,220	1.4%	15,325	1.7%
	$ 967,984	100.0%	$ 906,300	100.0%

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A summary of the Company s investment portfolio, at value, by geographic location as of March 31, 2013 (unaudited) and December 31, 2012:

	March 31, 2013		December 31, 2012	
(in thousands)	**Investments at Fair Value**	**Percentage of Total Portfolio**	**Investments at Fair Value**	**Percentage of Total Portfolio**
United States	$ 963,809	99.6%	$ 901,041	99.4%
England	4,175	0.4%	5,259	0.6%
	$ 967,984	100.0%	$ 906,300	100.0%

The following table shows the fair value the Company s portfolio by industry sector at March 31, 2013 (unaudited) and December 31, 2012:

	March 31, 2013		December 31, 2012	
(in thousands)	**Investments at Fair Value**	**Percentage of Total Portfolio**	**Investments at Fair Value**	**Percentage of Total Portfolio**
Drug Discovery & Development	$ 196,506	20.3%	$ 188,479	20.8%
Internet Consumer & Business Services	142,362	14.7%	136,149	15.0%
Clean Tech	137,054	14.1%	126,600	14.0%
Medical Device & Equipment	99,896	10.3%	54,575	6.0%
Software	75,383	7.8%	70,838	7.8%
Drug Delivery	65,660	6.8%	74,218	8.2%
Information Services	52,342	5.4%	53,523	5.9%
Media/Content/Info	52,215	5.4%	51,534	5.7%
Healthcare Services, Other	31,416	3.2%	36,481	4.0%
Communications & Networking	30,681	3.2%	37,560	4.1%
Electronics & Computer Hardware	23,569	2.4%	12,715	1.4%
Diagnostic	15,196	1.6%	16,307	1.8%
Specialty Pharma	14,289	1.5%	12,473	1.4%
Surgical Devices	11,527	1.2%	11,358	1.3%
Consumer & Business Products	10,430	1.1%	13,723	1.5%
Biotechnology Tools	6,596	0.7%	6,845	0.8%
Semiconductors	2,862	0.3%	2,922	0.3%
	$ 967,984	100.0%	$ 906,300	100.0%

During the three-months ended March 31, 2013, the Company funded investments in debt securities and equity investments, totaling approximately $136.3 million and $2.0 million, respectively. During the three-months ended March 31, 2013, the Company converted approximately $836,000 of debt to equity in three portfolio companies.

During the year ended December 31, 2012, the Company funded investments in debt securities and equity investments, totaling approximately $486.8 million and $9.7 million, respectively. During the year ended December 31 2012, the Company converted approximately $356,000 of debt to equity in one portfolio company.

No single portfolio investment represents more than 10% of the fair value of the investments as of March 31, 2013 and December 31, 2012.

During the three-month period ended March 31, 2013, the Company recognized net realized gains of approximately $2.0 million on the portfolio. During the three-month period ended March 31, 2013, the Company recorded gross realized gains of approximately $3.6 million from the sale of investments in three portfolio companies. These gains were partially offset by the liquidation of the Company s investments in five portfolio companies of approximately $1.6 million in gross realized losses.

During the three months ended March 31, 2012, the Company recognized net realized gains of approximately $2.9 million on the portfolio. The Company recorded approximately $2.2 million and $1.3 million of realized gains from the sale of equity in BARRX Medical, Inc. and Aegerion Pharmaceuticals, Inc., respectively. These gains were partially offset by realized losses of approximately $460,000 from the sale of the

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Company s common stock in two public portfolio companies and due to the complete write off of warrants in one private portfolio company that had a cost basis of approximately $355,000.

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 $2.6 million and $2.0 million of unamortized fees at March 31, 2013 and December 31, 2012, respectively, and approximately $8.6 million and $6.8 million in exit fees receivable at March 31, 2013 and December 31, 2012, respectively.

The Company has loans 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 $779,000 and $298,000 in PIK income during the three-months ended March 31, 2013 and 2012, 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-month period ended March 31, 2013.

In some cases, the Company collateralizes its investments by obtaining a first priority security interest in a portfolio company s assets, which may include their intellectual property. In other cases, the Company may obtain a negative pledge covering a company s intellectual property. At March 31, 2013, approximately 63.9% of the Company s portfolio company loans were secured by a first priority security in all of the assets of the portfolio company (including their intellectual property), 34.6% of portfolio company loans were to portfolio companies that were prohibited from pledging or encumbering their intellectual property and 1.5% of portfolio company loans had an equipment only lien.

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 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 March 31, 2013, the April 2019 Notes were trading on the New York Stock Exchange for $1.023 per dollar at par value, and the September 2019 Notes were trading on the New York Stock Exchange for $1.036 per dollar at par value. Based on market quotations on or around March 31, 2013, the Convertible Senior Notes were trading for $1.095 per dollar at par value and the Asset-Backed Notes were trading for $1.005 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 $240.0 million, compared to the carrying amount of $225.0 million as of March 31, 2013.

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 1.

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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:

(in thousands)

Description	**3/31/2013**	**Identical Assets (Level 1)**	**Observable Inputs (Level 2)**	**Unobservable Inputs (Level 3)**
Convertible Senior Notes	$ 82,125	$	$ 82,125	$
April 2019 Notes	$ 86,450	$	$ 86,450	$
September 2019 Notes	$ 88,967	$	$ 88,967	$
Class A Notes	$ 120,652	$	$	$ 120,652
SBA Debentures	$ 240,019	$	$	$ 240,019

4. Borrowings 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 additional contributions to regulatory capital. With the Company s net investment of $38.0 million in HT II as of March 31, 2013, HT II has the capacity to issue a total of $76.0 million of SBA guaranteed debentures, subject to SBA approval, of which $76.0 million was outstanding as of March 31, 2013. As of March 31, 2013, HT II has paid commitment fees of approximately $1.5 million. As of March 31, 2013, the Company held investments in HT II in 49 companies with a fair value of approximately $128.3 million, accounting for approximately 13.3% of the Company s total portfolio.

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 March 31, 2013, HT III has the capacity to issue a total of $149.0 million of SBA guaranteed debentures, subject to SBA approval, of which $149.0 million was outstanding as of March 31, 2013. As of March 31, 2013, HT III has paid commitment fees of approximately $1.5 million. As of March 31, 2013, the Company held investments in HT III in 37 companies with a fair value of approximately $222.9 million, accounting for approximately 23.0% of the Company s total portfolio.

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 $18.0 million and have average annual fully taxed net income not exceeding $6.0 million for the two most recent fiscal years. In addition, SBICs must devote 25.0% of its investment activity to smaller concerns as defined by the SBA.

A smaller concern 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 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 March 31, 2013 as a result of having sufficient capital as defined under the SBA regulations.

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The rates of borrowings under various draws from the SBA beginning in April 2007 are set semiannually in March and September and range from 2.25% to 5.73%. 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 April 2007, the initial maturity of SBA debentures will occur in April 2017. 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 related to HT III debentures that pooled on March 27, 2013, were 0.804%. The annual fees on other debentures have been set at 0.906%. The average amount of debentures outstanding for the three-month period ended March 31, 2013 for HT II was approximately $76.0 million with an average interest rate of approximately 5.30%. The average amount of debentures outstanding for the three-month period ended March 31, 2013 for HT III was approximately $149.0 million with an average interest rate of approximately 3.26%.

HT II and HT III hold approximately $152.7 million and $257.5 million in assets, respectively, and accounted for approximately 9.8% and 16.5% of the Company s total assets prior to consolidation at March 31, 2013.

In January 2011, the Company repaid $25.0 million of SBA debentures under HT II, priced at approximately 6.63%, including annual fees. In April 2011, the SBA approved a $25.0 million dollar commitment for HT III.

In February 2012, the Company repaid $24.25 million of SBA debentures under HT II, priced at 6.63%, including annual fees. In June 2012, the SBA approved a $24.25 million dollar commitment for HT III.

In August 2012, the Company repaid $24.75 million of SBA debentures under HT II, $12.0 million priced at 6.43%, including annual fees and $12.75 million priced at 6.38%, including annual fees.

As of March 31, 2013, the maximum statutory limit on the dollar amount of outstanding SBA guaranteed debentures issued by a single SBIC is $150.0 million, subject to periodic adjustments by the SBA, and a maximum amount of $225.0 million for funds under common control, subject to periodic adjustments by the SBA. In the aggregate, at March 31, 2013 there was $225.0 million principal amount of indebtedness outstanding incurred by our SBIC subsidiaries, the maximum statutory limit on the dollar amount of SBA guaranteed debentures under the SBIC program.

The Company reported the following SBA debentures outstanding on its Consolidated Statement of Assets and Liabilities as of March 31, 2013 (unaudited) and December 31, 2012:

(in thousands)

Issuance/Pooling Date	**Maturity Date**	**Interest Rate[(1)]**	**March 31, 2013**	**December 31, 2012**
SBA Debentures:				
March 26, 2008	March 1, 2018	6.38%	$ 34,800	$ 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	3.05%	11,250	11,250
March 21, 2012	March 1, 2022	3.28%	25,000	25,000
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			**$ 225,000**	**$ 225,000**

(1) Interest rate includes annual charge

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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. Under this three-year 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. The amendment reduces the interest rate floor by 75 basis points to 4.25% and extends the maturity date by one year to August 2015. Additionally, an amortization period of 12 months was added to pay down the principal balance as of the maturity date, and the unused line fee was reduced.

Borrowings under the Wells Facility will generally bear interest at a rate per annum equal to LIBOR plus 3.50%, with a floor of 4.25% and an advance rate of 50% against eligible loans. The Wells Facility is secured by loans 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-month period ended March 31, 2013, this non-use fee was approximately $94,000. On June 20, 2011 the Company paid an additional $1.1 million in structuring fees in connection with the Wells Facility which is being amortized through the end of the term. At March 31, 2013, there were no borrowings outstanding on this facility.

The Wells Facility includes various financial and operating covenants applicable to the Company and our subsidiaries, in addition to those applicable to Hercules Funding II, LLC. 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 $362.0 million plus 90% of the cumulative amount of equity raised after June 30, 2012. In addition, the tangible net worth covenant will increase by 90 cents on the dollar for every dollar of equity capital that the Company subsequently raises. As of March 31, 2013, the minimum tangible net worth covenant has increased to $478.5 million as a result of the October 2012 follow-on public offering of 3.1 million shares of common stock for proceeds of approximately $33.6 million and the March 2013 follow-on public offering of 8.1 million shares of common stock for proceeds of approximately $95.8 million. 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 March 31, 2013.

Union Bank Facility

On February 10, 2010, the Company entered a $20.0 million one-year revolving senior secured credit facility with Union Bank (the Union Bank Facility). On November 2, 2011, the Company renewed and amended the Union Bank Facility and added a new lender under the Union Bank Facility. Union Bank and RBC Capital Markets (RBC) have made commitments of $30.0 million and $25.0 million, respectively. The Union Bank Facility contains an accordion feature, in which the Company can increase the credit line up to an aggregate of $150.0 million, funded by additional lenders and with the agreement of Union Bank 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 Union Bank Facility.

On March 30, 2012, the Company entered into an amendment to the Union Bank Facility which permitted the Company to issue additional senior notes relating to the offer and sale of our 2019 Notes. On September 17, 2012, the Company entered into an amendment to the Union Bank Facility. Pursuant to the terms of the amendment, the Company is permitted to increase its unsecured indebtedness by an aggregate original principal amount not to exceed $200.0 million incurred after March 30, 2012 in one or more issuances, provided certain conditions are satisfied for each issuance.

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On December 17, 2012, the Company further amended the Union Bank Facility to remove RBC from the Union Bank Facility. Following the removal of RBC, the Union Bank Facility consists solely of Union Bank s commitment of $30.0 million. In connection with the amendment, the maximum availability under the Union Bank Facility, subject to a borrowing base, was reduced from $55.0 million to $30.0 million. The Union Bank Facility contains an accordion feature, in which the Company could increase the credit line by up to $95.0 million in the aggregate, funded by commitments from additional lenders and with the agreement of Union Bank and subject to other customary conditions. There can be no assurances that additional lenders will join the Union Bank Facility.

Borrowings under the Union Bank Facility will generally bear interest at a rate per annum equal to LIBOR plus 2.25% with a floor of 4.0%. The Union Bank Facility requires the payment of a non-use fee of 0.50% annually. For the three-month period ended March 31, 2013, this non-use fee was approximately $37,500. The Union Bank Facility is collateralized by debt investments in our portfolio companies, and includes an advance rate equal to 50.0% of eligible loans placed in the collateral pool. The Union Bank Facility generally requires payment of interest on a monthly basis. All outstanding principal is due upon maturity. At March 31, 2013, there were no borrowings outstanding on this facility.

The Union Bank Facility requires various financial and operating covenants. 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 $314.0 million plus 90% of the amount of net cash proceeds received from the sale of common stock after March 31, 2011. As of March 31, 2013, the minimum tangible net worth covenant has increased to $472.8 million as a result of the January and October 2012 follow-on public offerings of 5.0 and 3.1 million shares of common stock, respectively, for total net proceeds of approximately $80.9 million and the March 2013 follow-on public offering of 8.1 million shares of common stock for total net proceeds of approximately $95.6 million. The Union Bank Facility will mature on November 1, 2014, approximately three years from the date of issuance, revolving through the first 24 months with a term out provision for the remaining 12 months. Union Bank Facility also 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 March 31, 2013.

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 loans 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 three-months ended March 31, 2013, the Company reduced its realized gain by approximately $207,000 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 $181,000 as a result of current quarter 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 $132,000 as of March 31, 2013 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 $1.6 million under the warrant participation agreement thereby reducing 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 April 2013 and January 2017.

Convertible Senior Notes

In April 2011, the Company issued $75.0 million in aggregate principal amount of its 6.00% convertible senior notes (the Convertible Senior Notes) due 2016.

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 secures) 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 its election, cash, shares of its common stock or a combination of cash and shares of its 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.

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 accompanying consolidated statement of assets and liabilities. As a result, the Company records interest expense comprised of both stated interest expense as well as accretion of the original issue discount. Additionally, the issuance costs associated with the Convertible Senior Notes were allocated to the debt and equity components in proportion to the allocation of the proceeds and accounted for as debt issuance costs and equity issuance costs, respectively. At the time of issuance, the debt issuance costs and equity issuance costs were approximately $2.9 million and $224,000, respectively. At the time of issuance and as of March 31, 2013, the equity component, net of issuance costs, as recorded in the capital in excess of par value in the balance sheet was approximately $5.2 million.

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As of March 31, 2013 (unaudited) and December 31, 2012, the components of the carrying value of the Convertible Senior Notes were as follows:

(in thousands)	As of March 31, 2013	As of December 31, 2013
Principal amount of debt	$ 75,000	$ 75,000
Original issue discount, net of accretion	(3,294)	(3,564)
Carrying value of debt	$ 71,706	$ 71,436

For the three months ended March 31, 2013 and 2012, the components of interest expense, fees and cash paid for interest expense for the Convertible Senior Notes were as follows (unaudited):

	Three Months Ended March 31,	
(in thousands)	2013	2012
Stated interest expense	$ 1,125	$ 1,125
Accretion of original issue discount	271	271
Amortization of debt issuance cost	144	144
Total interest expense	$ 1,540	$ 1,540
Cash paid for interest expense	$	$

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 8.2% for the three months ended March 31, 2013. As of March 31, 2013, the Company is in compliance with the terms of the indentures governing the Convertible Senior Notes.

2019 Notes

On March 6, 2012, the Company and 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, 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.

On September 24, 2012, the Company and the Trustee, entered into the Second Supplemental Indenture to the Base 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). The sale of the September 2019 Notes generated net proceeds, before expenses, of approximately $72.75 million.

2019 Notes payable is compromised of:

	As of	
(in thousands)	March 31, 2013 (unaudited)	December 31, 2012
April 2019 Notes	$ 84,490	$ 84,490
September 2019 Notes	85,875	85,875
Carrying Value of Debt	$ 170,365	$ 170,365

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

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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 our other outstanding and future senior unsecured indebtedness, including without limitation, the $75 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 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 First 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 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 Indenture, as supplemented by the First Supplemental Indenture. The 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.

In July 2012, the Company re-opened our April 2019 Notes and issued an additional amount of approximately $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.

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 our other outstanding and future senior unsecured indebtedness, including without limitation, the $75 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

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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 our 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 Indenture, as supplemented by the Second Supplemental Indenture. The 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.

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.

For the years ended March 31, 2013 and 2012, the components of interest expense and related fees and cash paid for interest expense and fees for the April 2019 and September 2019 Notes are as follows (unaudited):

	Three Months Ended March 31,	
(in thousands)	**2013**	**2012**
Stated interest expense	$ 2,981	$
Amortization of debt issuance cost	240	
Total interest expense and fees	$ 3,222	$
Cash paid for interest expense and fees	$ 2,998	$

As of March 31, 2013, the Company is in compliance with the terms of the indenture governing the 2019 Notes.

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 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 our 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.

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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 our 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 indenture 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 March 31, 2013 (unaudited) and December 31, 2012, the Asset-Backed Notes had an outstanding balance of $120.1 million and $129.3 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 $810,000 of Restricted Cash as of March 31, 2013 funded through interest collections. There was no cash segregated at December 31, 2012 due to immaterial monthly interest collections for the period ended December 31, 2012.

Outstanding Borrowings

At March 31, 2013 (unaudited) and December 31, 2012, the Company had the following borrowing capacity and outstanding borrowings:

	March 31, 2013		**December 31, 2012**	
(in thousands)	**Total Available**	**Carrying Value(1)**	**Total Available**	**Carrying Value(1)**
Union Bank Facility	$ 30,000	$	$ 30,000	$
Wells Facility	75,000		75,000	
Convertible Senior Notes(2)	75,000	71,707	75,000	71,436
2019 Notes	170,364	170,364	170,364	170,364
Asset-Backed Notes	$ 120,051	120,051	129,300	129,300
SBA Debentures(3)	225,000	225,000	225,000	225,000
Total	$ 695,415	$ 587,122	$ 704,664	$ 596,100

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(1) Except for the Convertible Senior Notes (as defined below), all carrying values are the same as the principal amount outstanding.
(2) Represents the aggregate principal amount outstanding of the Convertible Senior Notes (as defined below) less the unaccreted discount initially recorded upon issuance of the Convertible Senior Notes. The total unaccreted discount for the Convertible Senior Notes was $3.3 million at March 31, 2013 and $3.6 million at December 31, 2012.
(3) At March 31, 2013 and at December 31, 2012, the total available borrowings under the SBA was $225.0 million, of which 76.0 million was available in HT II and $149.0 million was available in HT III.

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 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 March 31, 2013, the Company declared a distribution of $0.25 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 March 31, 2013, approximately 100.0% would be from ordinary income and spillover earnings from 2012. However there can be no certainty to shareholders that this determination is representative of what the tax attributes of its 2013 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.

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Taxable income for the three-month period ended March 31, 2013 was approximately $14.7 million or $0.27 per share. Taxable net realized gains for the same period were $1.1 million or approximately $0.02 per share. Taxable income for the three-month period ended March 31, 2012 was approximately $10.7 million or $0.23 per share. Taxable net realized gains for the same period were $3.2 million or approximately $0.07 per share.

The Company intends to distribute approximately $1.5 million of spillover earnings from the year ended December 31, 2012 to our shareholders in 2013.

6. Shareholders Equity

On July 25, 2012, our Board of Directors approved an extension of the stock repurchase plan under the same terms and conditions that allowed the Company to repurchase up to $35.0 million of our common stock. The stock repurchase plan expired on February 26, 2013 and no shares were repurchased in 2013.

On March 13, 2013, the Company raised approximately $95.8 million, before deducting offering expenses, in a public offering of 8,050,000 shares of its common stock.

The Company has issued stock options for common stock subject to future issuance, of which 2,516,880 and 2,574,749 were outstanding at March 31, 2013 and December 31, 2012, 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 7,000,000 shares of common stock. On June 1, 2011, stockholders approved an amended and restated plan and provided an increase of 1,000,000 shares, authorizing the Company to issue 8,000,000 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 1,000,000 shares of common stock. Unless terminated earlier by the Company s Board of Directors, the 2006 Plan will terminate on July 21, 2017 and no additional awards may be made under the 2006 Plan after that date. 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.

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In conjunction with the amendment and in accordance with the exemptive order, on June 21, 2007 the Company made an automatic grant of shares of restricted common stock to Messrs. Badavas, Chow and Woodward, the independent members of its Board of Directors, in the amounts of 1,667, 1,667 and 3,334 shares, respectively. In May 2008, the Company issued restricted shares to Messrs. Badavas and Chow in the amount of 5,000 shares each. In June 2009, the Company issued 5,000 restricted stock shares to Mr. Woodward. The shares were issued pursuant to the 2006 Plan and vested 33% on an annual basis from the date of grant. Deferred compensation cost was recognized ratably over the three year vesting period.

The following table summarizes the common stock options activities for the three-months ended March 31, 2013 and 2012 (unaudited):

	For the Three Month Period Ended March 31, 2013		2012	
	Common Stock Options	Weighted Average Exercise Price	Common Stock Options	Weighted Average Exercise Price
Outstanding at December 31	2,574,749	$ 12.00	4,213,604	$ 11.40
Granted	27,000	$ 12.16	18,000	$ 11.01
Exercised	(80,256)	$ 11.31	(424,667)	$ 4.94
Cancelled / Forfeited	(4,613)	$ 9.65	(257,174)	$ 11.96
Outstanding at March 31	2,516,880	$ 12.03	3,549,763	$ 12.14
Shares Expected to Vest at March 31	408,065	$ 12.03	484,462	$ 12.14

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 March 31, 2013, options for approximately 2.1 million shares were exercisable at a weighted average exercise price of approximately $12.31 per share with weighted average of remaining contractual term of 1.80 years.

The fair value of options granted is based upon a Black Scholes option pricing model using the assumptions in the following table for each of the three-month periods ended March 31, 2013 and 2012:

	For Three Months Ended March 31, 2013	2012
Expected Volatility	46.90%	46.70%
Expected Dividends	10%	10%
Expected term (in years)	4.5	4.5
Risk-free rate	0.65% - 0.80%	0.61% - 1.07%

The following table summarizes stock options outstanding and exercisable at March 31, 2013 (unaudited):

(Dollars in thousands, except exercise price)	Options outstanding				Options exercisable			
Range of exercise prices	Number of shares	Weighted average remaining contractual life	Aggregate intrinsic value	Weighted average exercise price	Number of shares	Weighted average remaining contractual life	Aggregate intrinsic value	Weighted average exercise price
$4.21 - $8.49	46,248	4.01	$ 307,634	$ 5.60	46,248	4.01	$ 307,634	$ 5.60
$8.67 - $13.40	1,806,632	3.11	1,465,249	$ 11.46	1,398,567	2.21	771,543	$ 11.72
$13.87 - $14.02	664,000	0.78		$ 14.02	664,000	0.78		$ 14.02
$4.21 - $14.02	2,516,880	2.51	$ 1,772,883	$ 12.03	2,108,815	1.80	$ 1,079,177	$ 12.31

During the three months ended March 31, 2013 and 2012, the Company granted approximately 606,001 shares and 672,000 shares, respectively, of restricted stock pursuant to the Plans. All restricted stock grants under the 2004 Plan made prior to March 4, 2013 will continue to vest on a monthly basis following their one year anniversary over the succeeding 36 months. During 2012, the Compensation Committee adopted a policy that provided for awards with different vesting schedules for short and long-term awards. Under the 2004 Plan, restricted stock awarded subsequent to March 3, 2013 will vest subject to continued employment based on two

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vesting schedules: short-term awards vest one-half on the one year anniversary of the date of the grant and quarterly over the succeeding 12 months, and long-term awards vest one-fourth on the one year anniversary of the date of grant and quarterly over the succeeding 36 months.

The Company determined that the fair value of restricted stock granted under the 2006 and 2004 Plans during the three-month periods ended March 31, 2013 and 2012 was approximately $7.7 million and $7.3 million, respectively. During the three-month periods ended March 31, 2013 and 2012, the Company expensed approximately $1.1 million and $722,000 of compensation expense related to restricted stock, respectively. As of March 31, 2013, there was approximately $14.8 million of total unrecognized compensation costs related to restricted stock. These costs are expected to be recognized over a weighted average period of 2.81 years.

The following table summarizes the activities for our unvested restricted stock for the three-months ended March 31, 2013 and 2012 (unaudited):

	For the Three Month Period Ended March 31,			
	2013		2012	
	Restricted Stock Units	Weighted Average Exercise Price	Restricted Stock Units	Weighted Average Exercise Price
Unvested at December 31	899,789	$ 10.73	621,509	$ 10.06
Granted	606,001	$ 12.72	671,859	$ 10.82
Vested	(201,263)	$ 10.39	(143,627)	$ 10.56
Forfeited	(6,076)	$ 10.54		$
Unvested at March 31	1,298,451	$ 11.71	1,149,741	$ 10.44

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):

	Three Months Ended March 31,	
(in thousands, except per share data)	**2013**	**2012**
Numerator		
Net increase in net assets resulting from operations	$ 16,689	$ 17,105
Less: Dividends declared-common and restricted shares	(13,382)	(11,412)
Undistributed earnings	3,307	5,693
Undistributed earnings-common shares	3,307	5,693
Add: Dividend declared-common shares	13,051	11,136
Numerator for basic and diluted change in net assets per common share	$ 16,358	$ 16,829
Denominator		
Basic weighted average common shares outstanding	53,682	47,018
Common shares issuable (including adjustment for dilutive effect of Convertible Senior Notes)	141	192
Weighted average common shares outstanding assuming dilution	53,823	47,210

Change in net assets per common share		
Basic	$ 0.30	$ 0.36
Diluted	$ 0.30	$ 0.36

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The Convertible Senior Notes may be surrendered for conversion during the five business day period after any five consecutive trading day period (the measurement period) in which the trading price per $1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day. For the purpose of calculating diluted earnings per share for the three-month period ended March 31, 2013, the underlying shares for the intrinsic value of the embedded options in the Convertible Senior Notes were included in this calculation because the trading price ($11.89) was less than the conversion price in effect for such period for the Convertible Senior Notes.

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 March 31, 2013 and 2012, 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 2,630,003 and 2,616,129 shares, respectively.

9. Financial Highlights

Following is a schedule of financial highlights for the three-months ended March 31, 2013 and 2012:

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

FINANCIAL HIGHLIGHTS

(unaudited)

(dollars in thousands, except per share amounts)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Per share data:		
Net asset value at beginning of period	$ 9.75	$ 9.83
Net investment income[1]	0.28	0.24
Net realized gain (loss) on investments	0.03	0.06
Net unrealized appreciation (depreciation) on investments	(0.01)	0.06
Total from investment operations	0.30	0.36
Net increase/(decrease) in net assets from capital share transactions	0.18	(0.21)
Distributions	(0.25)	(0.24)
Stock-based compensation expense included in investment income[2]	0.02	0.02
Net asset value at end of period	$ 10.00	$ 9.76
Ratios and supplemental data:		
Per share market value at end of period	$ 12.25	$ 11.08
Total return[3]	14.59%	19.89%
Shares outstanding at end of period	61,554	49,721
Weighted average number of common shares outstanding	53,682	47,018
Net assets at end of period	$ 615,608	$ 485,447
Ratio of operating expense to average net assets	12.23%	9.41%
Ratio of net investment income before provision for income tax expense and investment gains and losses to average net assets	11.54%	9.73%
Average debt outstanding	$ 593,940	$ 292,832
Weighted average debt per common share	$ 11.06	$ 6.23

(1) Net investment income per share is calculated as net investment income divided by the weighted average shares outstanding.
(2) Stock option expense is a non-cash expense that has no effect on net asset value. Pursuant to ASC 718, net investment loss 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 three-month periods ended March 31, 2013 and 2012 equals the change in the ending market value over the beginning of period price per share plus dividends paid per share during the period, divided by the beginning price.

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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 commitments to extend credit at March 31, 2013 totaled approximately $137.1 million. Approximately $83.6 million of these unfunded origination activity commitments as of March 31, 2013 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 commitments do not necessarily represent future cash requirements. In addition, the Company had approximately $93.0 million of non-binding term sheets outstanding at March 31, 2013. Non-binding outstanding term sheets are subject to completion of the Company s due diligence and final approval process, as well as the negotiation of definitive documentation with the prospective portfolio companies. Not all non-binding term sheets are expected to close and do not necessarily represent future cash requirements.

Certain premises are leased under agreements which expire at various dates through March 2020. Total rent expense amounted to approximately $329,000 and $285,000 during the three-month periods ended March 31, 2013 and 2012, respectively.

Future commitments under the credit facility and operating leases were as follows at March 31, 2013:

	Payments due by period (in thousands)				
Contractual Obligations[1][2]	**Total**	**Less than 1 year**	**1 - 3 years**	**3 - 5 years**	**After 5 years**
Borrowings[3][4]	$ 587,123	$	$ 120,051	$ 71,707	$ 395,365
Operating Lease Obligations[5]	8,555	1,334	2,901	3,063	1,257
Total	$ 595,678	$ 1,334	$ 122,952	$ 74,770	$ 396,622

(1) Excludes commitments to extend credit to our portfolio companies.
(2) The Company also has a warrant participation agreement with Citigroup. See Note 4.
(3) Includes $225.0 million in borrowings under the SBA debentures, $170.4 million of the 2019 Notes, $120.1 million in aggregate principal amount of the Asset-Backed Notes and $71.7 million of the Convertible Senior Notes.
(4) Except for the Convertible Senior Notes, all carrying values are the same as the principal amount outstanding. The aggregate principal amount outstanding of the Convertible Senior Notes less the unaccreted discount initially recorded upon issuance of the Convertible Senior Notes was $3.3 million at March 31, 2013.
(5) Long-term facility leases.

The Company may, from time to time, be involved in litigation arising out of its operations in the normal course of business or otherwise. Furthermore, third parties may try to seek to impose liability on the Company in connection with the activities of its portfolio companies. While the outcome of any current legal proceedings cannot at this time be predicted with certainty, the Company does not expect any current matters will materially affect the Company s financial condition or results of operations; however, there can be no assurance whether any pending legal proceedings will have a material adverse effect on the Company s financial condition or results of operations in any future reporting period.

11. Subsequent Events

Dividend Declaration

On April 29, 2013 the Board of Directors increased the quarterly dividend by $0.02, or approximately 8.0%, and declared a cash dividend of $0.27 per share to be paid on May 21, 2013 to shareholders of record as of May 14, 2013. This dividend will represent the Company s thirty-first consecutive dividend declaration since its initial public offering, bringing the total cumulative dividend declared to date to $8.16 per share.

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Company Developments

In April 2013, Kroll Bond Rating Agency (KBRA) assigned the Company an investment grade corporate rating of BBB+. In addition, the Company s two outstanding bond issuances of 7.00% Senior Notes due 2019, which trade on the NYSE under the symbols HTGZ and HTGY, were assigned a rating of BBB+.

Portfolio Company Developments

In April 2013, Japanese company Ajinomoto Co., Inc. (TYO: 2802) completed its acquisition of the Company s portfolio company Althea Technologies.

In April 2013, Omthera Pharmaceuticals, Inc., (OMTH) completed its initial public offering of 8,000,000 shares of its common stock at $8.00 per share.

In April 2013, Portola Pharmaceuticals, Inc. filed a registration statement on Form S-1 with the U.S. Securities and Exchange Commission relating to a proposed initial public offering of its common stock. The number of shares to be offered and the price range for the offering have not yet been determined.

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PART C OTHER INFORMATION

Item 25. Financial Statements and Exhibits

1. *Financial Statements*

The following financial statements of Hercules Technology Growth Capital, Inc. (the Company or the Registrant) are included in this registration statement in Part A Information Required in a Prospectus :

AUDITED FINANCIAL STATEMENTS

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. *Exhibits*

Exhibit Number	**Description**
a.1	Articles of Amendment and Restatement.(2)
a.2	Articles of Amendment, dated March 6, 2007.(12)
a.3	Articles of Amendment, dated April 5, 2011. (23)
b	Amended and Restated Bylaws.(2)
d.1	Specimen certificate of the Company s common stock, par value $.001 per share.(3)
d.2	Form of Indenture and related exhibits(27)
d.3	Form of Warrant Agreement(27)
d.4	Form of Subscription Agent Agreement(27)
d.5	Form of Subscription Certificate(27)
d.6*	Statement of Eligibility of Trustee on Form T-1

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Exhibit Number	Description
d.7	Indenture, dated March 6, 2012 between the Registrant and U.S. Bank National Association.[28]
d.8	First Supplemental Indenture, dated April 17, 2012 between the Registrant and U.S. Bank, National Association.[28]
d.9	Second Supplemental Indenture, dated as of September 24, 2012, between the Registrant and U.S. Bank, National Association.[31]
d.10	Form of 7.00% Senior Note due 2019, dated as of April 17, 2012 (Existing April 2019 Note) (included as part of Exhibit (d)(8)).[28]
d.11	Form of 7.00% Senior Note due 2019, dated as of July 6, 2012 (Additional April 2019 Note).[29]
d.12	Form of 7.00% Senior Note due 2019, dated as of July 12, 2012 (Over-Allotment April 2019 Note).[30]
d.13	Form of 7.00% Senior Note due 2019, dated as of September 24, 2012 (September 2019 Note) (included as part of Exhibit (d)(9)).[31]
d.14	Form of 7.00% Senior Note due 2019, dated as of October 2, 2012 (Over-Allotment September 2019 Note).[32]
d.15	Form of 7.00% Senior Note due 2019, dated as of October 17, 2012 (Over-Allotment II September 2019 Note).[36]
e	Form of Dividend Reinvestment Plan.[4]
f.1	Credit Agreement dated as of April 12, 2005 between Hercules Technology Growth Capital, Inc. and Alcmene Funding, L.L.C.[2]
f.2	Pledge and Security Agreement dated as of April 12, 2005 between Hercules Technology Growth Capital, Inc. and Alcmene Funding, L.L.C.[2]
f.3	First Amendment to Credit and Pledge Security Agreement dated August 1, 2005 between Hercules Technology Growth Capital, Inc. and Alcmene Funding L.L.C.[5]
f.4	Loan Sale Agreement between Hercules Funding LLC and Hercules Technology Growth Capital, Inc. dated as of August 1, 2005.[5]
f.5	Sale and Servicing Agreement among Hercules Funding Trust I, Hercules Funding LLC, Hercules Technology Growth Capital, Inc., U.S. Bank National Association and Lyon Financial Services, Inc. dated as of August 1, 2005.[5]
f.6	Indenture between Hercules Funding Trust I and U.S. Bank National Association dated as of August 1, 2005.[5]
f.7	Note Purchase Agreement among Hercules Funding Trust I, Hercules Funding I LLC, Hercules Technology Growth Capital, Inc. and Citigroup Global Markets Realty Corp. dated as of August 1, 2005.[5]
f.8	Second Amendment to Credit and Pledge Security Agreement by and among Hercules Technology Growth Capital, Inc. and Alcmene Funding, L.L.C., as lender and administrative agent for the lenders, dated March 6, 2006.[6]
f.9	First Omnibus Amendment by and among Hercules Funding Trust I, Hercules Funding I, LLC, Hercules Technology Growth Capital, Inc., U.S. Bank National Association, Lyon Financial Services, Inc. and Citigroup Global Markets Realty Corp. dated March 6, 2006.[6]
f.10	Intercreditor Agreement among Hercules Technology Growth Capital, Inc., Alcmene Funding, L.L.C. and Citigroup Global Markets Realty Corp. dated as of March 6, 2006.[6]

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Exhibit Number	Description
f.11	Warrant Participation Agreement between the Company and Citigroup Global Markets Realty Corp. dated as of August 1, 2005.[7]
f.12	Second Amendment to Warrant Participation Agreement dated as of October 16, 2006.[7]
f.13	Third Amendment to Sale and Servicing Agreement among Hercules Funding Trust I, Hercules Funding LLC, Hercules Technology Growth Capital, Inc., U.S. Bank National Association and Lyon Financial Services, Inc., dated as of July 28, 2006.[8]
f.14	Second Omnibus Amendment by and among Hercules Funding Trust I, Hercules Funding I, LLC, Hercules Technology Growth Capital, Inc., U.S. Bank National Association, Lyon Financial Services, Inc. and Citigroup Global Markets Realty Corp. dated December 6, 2006.[9]
f.15	Fifth Amendment to Sale and Servicing Agreement by and among Hercules Funding Trust I, Hercules Funding I, LLC, Hercules Technology Growth Capital, Inc., U.S. Bank National Association, Lyon Financial Services, Inc. and Citigroup Global Markets Realty Corp. dated March 30, 2007.[13]
f.16	Amended and Restated Sale and Servicing Agreement by and among Hercules Funding Trust I, Hercules Funding I LLC, the Company, U.S. Bank National Association, Lyon Financial Services, Inc., Citigroup Global Markets Inc., and Deutsche Bank AG dated as of May 2, 2007.[14]
f.17	Fourth Amendment to the Warrant Participation Agreement by and among Hercules Technology Growth Capital, Inc. and Citigroup Global Markets Realty Corp., dated as of May 2, 2007. [15]
f.18	Amended and Restated Note Purchase Agreement by and among Hercules Funding Trust I, Hercules Funding I LLC, Hercules Technology Growth Capital, Inc. and Citigroup Global Markets, Inc. dated as of May 2, 2007.[15]
f.19	First Amendment to Amended and Restated Note Purchase Agreement by and among Hercules Funding Trust I, Hercules Funding I LLC, Hercules Technology Growth Capital, Inc. and Citigroup Global Markets, Inc. dated as of May 7, 2008.[17]
f.20	Second Amendment to Amended and Restated Sale and Servicing Agreement by and among Hercules Funding Trust I, Hercules Funding I LLC, Hercules Technology Growth Capital, Inc., U.S. Bank National Association, Lyon Financial Services, Inc., Citigroup Global Markets Inc., and Deutsche Bank AG dated as of May 7, 2008.[17]
f.21	Form of SBA Debenture.[18]
f.22	Loan and Security Agreement by and among Hercules Funding II, LLC and Wells Fargo Foothill, LLC, dated as of August 25, 2008.[19]
f.23	Sales and Servicing Agreement among Hercules Funding II, LLC, Hercules Technology Growth Capital, Inc., Lyon Financial Services, Inc. and Wells Fargo Foothill, LLC, dated as of August 25, 2008.[19]
f.24	First Amendment to Loan and Security Agreement by and among Hercules Funding II, LLC and Wells Fargo Foothill, LLC, dated as of April 30, 2009.[20]
f.25	Amended and Restated Loan and Security Agreement by and between Hercules Technology Growth Capital, Inc. and Union Bank, N.A. dated November 2, 2011.[22]
f.26	Indenture between Hercules Technology Growth Capital, Inc. and U.S. Bank National Association, dated as of April 15, 2011. [24]
f.27	Form of Note under the Indenture dated as of April 15, 2011. [24]

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Exhibit Number	Description
f.28	Second Amendment to Loan and Security Agreement by and among Hercules Funding II LLC and Wells Fargo Capital Finance, LLC (f/k/a Wells Fargo Foothill, LLC), dated as of June 20, 2011. [26]
f.29	First Amendment to Amended and Restated Loan and Security Agreement by and between Hercules Technology Growth Capital, Inc. and Union Bank, N.A., dated as of March 30, 2012.[33]
f.30	Third Amendment to Loan and Security Agreement by and among Hercules Funding II LLC and Wells Fargo Capital Finance, LLC (f/k/a Wells Fargo Foothill, LLC), dated as of August 1, 2012.[34]
f.31	Second Amendment to Amended and Restated Loan and Security Agreement by and between Hercules Technology Growth Capital, Inc. and Union Bank, N.A., dated as of September 17, 2012.[35]
f.32	Indenture by and between Hercules Capital Funding Trust 2012-1 and U.S. Bank National Association, dated as of December 19, 2012.[37]
f.33	Amended and Restated Trust Agreement by and between Hercules Capital Funding 2012-1 LLC and Wilmington Trust, National Association, dated as of December 19, 2012.[37]
f.34	Sale and Servicing Agreement by and between Hercules Capital Funding 2012-1 LLC, Hercules Capital Funding Trust 2012-1 LLC, Hercules Technology Growth Capital, Inc. and U.S. Bank National Association, dated as of December 19, 2012. [37]
f.35	Sale and Contribution Agreement by and between Hercules Technology Growth Capital, Inc. and Hercules Capital Funding 2012-1 LLC, dated as of December 19, 2012. [37]
f.36	Note Purchase Agreement by and between the Hercules Technology Growth Capital, Inc., Hercules Capital Funding 2012-1 LLC, as Trust Depositor, Hercules Capital Funding Trust 2012-1, as Issuer, and Guggenheim Securities, LLC, as Initial Purchaser, dated as of December 12, 2012.[37]
f.37	Administration Agreement by and between Hercules Capital Funding Trust 2012-1LLC, Hercules Technology Growth Capital, Inc, Wilmington Trust, National Association, and U.S. Bank National Association, dated as of December 19, 2012.[37]
f.38	Third Amendment to Amended and Restated Loan and Security Agreement by and between Hercules Technology Growth Capital, Inc. and Union Bank N.A., dated as of December 19, 2012.[37]
h.1*	Form of Equity Underwriting Agreement.
h.2*	Form of Debt Underwriting Agreement.
i.1	Hercules Technology Growth Capital, Inc. 2004 Equity Incentive Plan (2007 Amendment and Restatement).[11]
i.2	Hercules Technology Growth Capital, Inc. 2006 Non-Employee Director Plan (2007 Amendment and Restatement).[16]
i.3	Form of Incentive Stock Option Award under the 2004 Equity Incentive Plan.[2]
i.4	Form of Nonstatutory Stock Option Award under the 2004 Equity Incentive Plan.[2]
i.5	Form of Restricted Stock Award under the 2004 Equity Incentive Plan.[18]
j	Form of Custody Agreement between the Company and Union Bank of California.[2]
k.1	Form of Registrar Transfer Agency and Service Agreement between the Company and American Stock Transfer & Trust Company.[2]
k.2	Warrant Agreement dated June 22, 2004 between the Company and American Stock Transfer & Trust Company, as warrant agent.[1]
k.3	Lease Agreement dated June 13, 2006 between the Company and 400 Hamilton Associates.[10]

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Exhibit Number	Description
l.1*	Opinion of Sutherland Asbill & Brennan LLP.
n.1*	Consent of PricewaterhouseCoopers, LLP.
n.2*	Consent of Sutherland Asbill & Brennan LLP (included in Exhibit l).
n.3*	Report of PricewaterhouseCoopers, LLP.
p	Subscription Agreement dated February 2, 2004 between the Company and the subscribers named therein.(2)
r	Code of Ethics.(2)
s.1	Form of Prospectus Supplement For Common Stock Offerings.(27)
s.2	Form of Prospectus Supplement For Preferred Stock Offerings.(27)
s.3	Form of Prospectus Supplement For Debt Offerings.(27)
s.4	Form of Prospectus Supplement For Rights Offerings.(27)
s.5	Form of Prospectus Supplement For Warrant Offerings.(27)
99.1*	Statement of Computation of Ratios of Earnings of Fixed Charges

* Filed herewith.

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(1) Previously filed as part of the Registration Statement on Form N-2 of the Company, as filed on February 22, 2005.
(2) Previously filed as part of Pre-Effective Amendment No. 1, as filed on May 17, 2005 (File No. 333-122950) to the Registration Statement on Form N-2 of the Company.
(3) Previously filed as part of Pre-Effective Amendment No. 2, as filed on June 8, 2005 (File No. 333-122950) to the Registration Statement on Form N-2 of the Company.
(4) Previously filed as part of Post-Effective Amendment No. 1, as filed on June 10, 2005 (File No. 333-122950) to the Registration Statement on Form N-2 of the Company.
(5) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on August 5, 2005.
(6) Previously filed as part of Post-Effective Amendment No. 3, as filed on March 9, 2006 (File No. 333-126604) to the Registration Statement on Form N-2 of the Company.
(7) Previously filed as part of the Pre-Effective Amendment No. 1, as filed on October 17, 2006 (File No. 333-136918) to the Registration Statement on Form N-2 of the Company.
(8) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on July 28, 2006.
(9) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on December 6, 2006.
(10) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on August 1, 2006.
(11) Previously filed as part of the Securities to be Offered to Employees in Employee Benefit Plans on Form S-8, as filed June 22, 2007.
(12) Previously filed as part of the Current Report on Form 8-K of the Company, as filed March 9, 2007.
(13) Previously filed as part of the Current Report on Form 8-K of the Company, as filed April 3, 2007.
(14) Previously filed as part of the Current Report on Form 8-K of the Company, as filed May 5, 2007.
(15) Previously filed as part of the Pre-Effective Amendment No. 1, as filed May 15, 2007 (File No. 333-141828), to the Registration Statement on Form N-2 of the Company.
(16) Previously filed as part of the Securities to be Offered to Employees in Employee Benefit Plans on Form S-8, as filed October, 10, 2007.
(17) Previously filed as part of the Pre-Effective Amendment No. 2, as filed June 5, 2008 (File No. 333-150403), to the Registration Statement on Form N-2 of the Company.
(18) Previously filed as part of the Annual Report on Form 10-K of the Company, as filed on March 16, 2009.
(19) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on August 27, 2008.
(20) Previously filed as part of the Quarterly Report on Form 10-Q of the Company, as filed on May 11, 2009.
(21) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on February 17, 2010.
(22) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on November 4, 2011.
(23) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on April 11, 2011.
(24) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on April 18, 2011.
(25) Previously filed as part of the Pre-Effective Amendment No. 1, as filed on May 2, 2011 (File No. 333-171368) to the Registration Statement on Form N-2 of the Company.
(26) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on June 24, 2011.
(27) Previously filed as part of the Registration Statement on Form N-2 of the Company, as filed on February 8, 2012 (File No. 333-179431).
(28) Previously filed as part of Post-Effective Amendment No. 1, as filed on April 17, 2012 (File No. 333-179431), to the Registration Statement on Form N-2 of the Company.
(29) Previously filed as part of Post-Effective Amendment No. 2, as filed on July 6, 2012 (File No. 333-179431), to the Registration Statement on Form N-2 of the Company.
(30) Previously filed as part of Post-Effective Amendment No. 3, as filed on July 12, 2012 (File No. 333-179431), to the Registration Statement on Form N-2 of the Company.
(31) Previously filed as part of Post-Effective Amendment No. 5, as filed on September 24, 2012 (File No. 333-179431), to the Registration Statement on Form N-2 of the Company.
(32) Previously filed as part of Post-Effective Amendment No. 7, as filed on October 2, 2012 (File No. 333-179431), to the Registration Statement on Form N-2 of the Company.
(33) Previously filed as part of the Quarterly Report on Form 10-Q of the Company, as filed on May 8, 2012.
(34) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on August 2, 2012.
(35) Previously filed as part of Post-Effective Amendment No. 4, as filed on September 17, 2012 (File No. 333-179431), to the Registration Statement on Form N-2 of the Company.
(36) Previously filed as part of Post-Effective Amendment No. 8, as filed on October 17, 2012 (File No. 333-179431), to the Registration Statement on Form N-2 of the Company.
(37) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on December 17, 2012.

Item 26. Marketing Arrangements

The information contained under the heading Plan of Distribution of the prospectus is incorporated herein by reference, and any information concerning any underwriters will be contained in any prospectus supplement if any, accompanying this prospectus.

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Item 27. Other Expenses of Issuance and Distribution

The following table sets forth the estimated expenses payable by us in connection with the offering (excluding placement fees):

	Amount
SEC registration fee	$ 13,067
FINRA filing fee	$ 14,870
NYSE listing fee	$ 192,000
Accounting fees and expenses	$ 108,000
Legal fees and expenses	$ 310,000
Printing expenses	$ 65,000
Miscellaneous	$ 2,063
Total	$ 705,000

Item 28. Persons Controlled by or Under Common Control

Hercules Technology SBIC Management, LLC is a wholly owned subsidiary of the Company. Hercules Technology SBIC Management, LLC is the general partner of Hercules Technology II, L.P., Hercules Technology III, LP and Hercules Technology IV, LP and the Company owns substantially all of the limited partnership interests in Hercules Technology II, L.P. Hercules Technology III, L.P. and Hercules Funding II LLC, Hercules Technology Management Co. II, Inc., Hercules Technology Management Co. III, Inc., Hercules Technology Management Co. V, Inc., Hercules Technology I, LLC, Hercules Technology II, LLC, Hydra Ventures LLC, Hydra Ventures II LLC, Inc., Hydra Management LLC, and Hercules Capital Funding Trust 2012-1 and Hercules Capital Funding 2012-1 LLC are wholly owned subsidiaries of the Company. Accordingly, the Company may be deemed to control, directly or indirectly, the following entities:

Name	Jurisdiction of Organization
Hercules Technology II, L.P.	Delaware
Hercules Technology III, L.P.	Delaware
Hercules Technology IV, L.P.	Delaware
Hercules Technology SBIC Management, LLC	Delaware
Hercules Funding II, LLC	Delaware
Hercules Technology Management Co II, Inc.	Delaware
Hercules Technology Management Co III, Inc.	Delaware
Hercules Technology Management Co V, Inc.	Delaware
Hercules Technology I, LLC	Delaware
Hercules Technology II LLC	Delaware
Hydra Ventures LLC	Delaware
Hydra Ventures II LLC	Delaware
Hydra Management LLC	Delaware
Hercules Capital Funding Trust 2012-1	Delaware
Hercules Capital Funding 2012-1 LLC	Delaware

Item 29. Number of Holder of Securities

The following table sets forth the approximate number of shareholders of the Company s common stock as of April 15, 2013:

Title of Class	Number of Record Holders
Common stock, par value $.001 per share	28,000

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Item 30. Indemnification

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgment as being material to the cause of action. The Registrant s charter contains such a provision which eliminates directors and officers liability to the maximum extent permitted by Maryland law, subject to the requirements of the 1940 Act.

The Registrant s charter authorizes the Registrant, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to obligate itself to indemnify any present or former director or officer or any individual who, while a director or officer of the Registrant and at its request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee, from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in any such capacity and, under certain circumstances and provided certain conditions have been met, to pay or reimburse their reasonable expenses in advance of final disposition of a proceeding. The Registrant s bylaws obligate the Registrant, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to indemnify any present or former director or officer or any individual who, while a director or officer of the Registrant and at its request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee and who is made, or threatened to be made, a party to the proceeding by reason of his or her service in any such capacity from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in any such capacity and, under certain circumstances and provided certain conditions have been met, to pay or reimburse their reasonable expenses in advance of final disposition of a proceeding. The charter and bylaws also permit the Registrant to indemnify and, under certain circumstances and provided certain conditions have been met, advance expenses to any person who served a predecessor of the Registrant in any of the capacities described above and any of the Registrant s employees or agents or any employees or agents of its predecessor. In accordance with the 1940 Act, the Registrant will not indemnify any person for any liability to which such person would be subject by reason of such person s willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office. Additionally, the Registrant will not indemnify any person with respect to any matter as to which such person shall have been finally adjudicated in any proceeding not to have acted in good faith in the reasonable belief that their action was in the best interests of the Registrant.

Maryland law requires a corporation (unless its charter provides otherwise, which the Registrant s charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made, or threatened to be made, a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that a personal benefit was improperly received, unless in either case a court orders indemnification, and then only for expenses. In addition, Maryland law permits a corporation to advance reasonable expenses to a director or officer upon the corporation s receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for

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indemnification by the corporation and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Company pursuant to the provisions described above, or otherwise, the Company has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person in the successful defense of an action, suit or proceeding) is asserted by a director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The Company carries liability insurance for the benefit of its directors and officers (other than with respect to claims resulting from the willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office) on a claims-made basis of up to $3,000,000, subject to a $250,000 retention and the other terms thereof.

The Company has agreed to indemnify the underwriters against specified liabilities for actions taken in their capacities as such, including liabilities under the Securities Act of 1933, as amended.

Item 31. Business and Other Connections of Investment Advisor

Not applicable.

Item 32. Location of Accounts and Records

The Company maintains at its principal office physical possession of each account, book or other document required to be maintained by Section 31(a) of the 1940 Act and the rules thereunder.

Item 33. Management Services

Not applicable.

Item 34. Undertakings

The Registrant undertakes:

1. to suspend the offering of shares until the prospectus is amended if (a) subsequent to the effective date of its registration statement, the net asset value declines more than ten percent from its net asset value as of the effective date of the registration statement or (b) the net asset value increases to an amount greater than the net proceeds (if applicable) as stated in the prospectus.

2. Not applicable.

3. Not applicable.

4.

   a. to file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

i. to include any prospectus required by Section 10(a)(3) of the Securities Act;

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ii. to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; and

iii. to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

b. that, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of the securities at that time shall be deemed to be the initial bona fide offering thereof;

c. to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering;

d. that, for the purpose of determining liability under the Securities Act to any purchaser, if the Registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 497(b), (c), (d) or (e) under the Securities Act as part of a registration statement relating to an offering, other than prospectus filed in reliance on Rule 430A under the Securities Act, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness, *provided, however*, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supercede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use;

e. that for the purpose of determining liability of the Registrant under the Securities Act to any purchaser in the initial distribution of securities, the undersigned Registrant undertakes that in a primary offering of securities of the undersigned Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned Registrant will be a seller to the purchaser and will be considered to offer or sell such securities to the purchaser:

i. any preliminary prospectus or prospectus of the undersigned Registrant relating to the offering required to be filed pursuant to Rule 497 under the Securities Act;

ii. the portion of any advertisement pursuant to Rule 482 under the Securities Act relating to the offering containing material information about the undersigned Registrant or its securities provided by or on behalf of the undersigned Registrant; and

iii. any other communication that is an offer in the offering made by the undersigned Registrant to the purchaser.

f. to file a post-effective amendment to the registration statement, and to suspend any offers or sales pursuant the registration statement until such post-effective amendment has been declared effective under the Securities Act, in the event the shares of the Registrant are trading below its net asset value per share and either (a) the Registrant receives, or has been advised by its independent registered accounting firm that it will receive, an audit report reflecting substantial doubt regarding the Registrant s ability to continue as a going concern or (b) the Registrant has concluded that a fundamental change has occurred in its financial position or results of operations; and

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5. Not applicable.

6. Not applicable.

7. to not seek to sell shares under a prospectus supplement to the registration statement, or a post-effective amendment to the registration statement, of which the prospectus forms a part (the current registration statement) if the cumulative dilution to the Registrant s net asset value (NAV) per share arising from offerings from the effective date of the current registration statement through and including any follow-on offering would exceed 15% based on the anticipated pricing of such follow-on offering. This limit would be measured separately for each offering pursuant to the current registration statement by calculating the percentage dilution or accretion to aggregate NAV from that offering and then summing the anticipated percentage dilution from each subsequent offering. If the Registrant files a new post-effective amendment, the threshold would reset.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement on Form N-2 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Palo Alto, and State of California, on the 21st day of May, 2013.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

/s/ MANUEL A. HENRIQUEZ
Manuel A. Henriquez

Chairman of the Board, President and

Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ MANUEL A. HENRIQUEZ **Manuel A. Henriquez**	Chairman of the Board, President and Chief Executive Officer (principal executive officer)	May 21, 2013
/s/ JESSICA BARON **Jessica Baron**	Chief Financial Officer (principal financial and accounting officer)	May 21, 2013
* **Allyn C. Woodward, Jr.**	Director	May 21, 2013
* **Joseph W. Chow**	Director	May 21, 2013
* **Robert P. Badavas**	Director	May 21, 2013

* Signed by Manuel A. Henriquez pursuant to a power of attorney signed by each individual and filed with this Registration Statement on March 22, 2013.

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EXHIBIT INDEX

Exhibit Number	**Description**
d.6*	Statement of Eligibility of Trustee on Form T-1
h.1*	Form of Equity Underwriting Agreement
h.2*	Form of Debt Underwriting Agreement
l.1*	Opinion of Sutherland Asbill & Brennan LLP
n.1*	Consent of PricewaterhouseCoopers, LLP
n.3*	Report of PricewaterhouseCoopers, LLP
99.1*	Statement of Computation of Ratios of Earnings of Fixed Charges

* Filed herewith.