

HERCULES TECHNOLOGY GROWTH CAPITAL INC

Form 10-Q

August 11, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For The Quarterly Period Ended June 30, 2008

OR

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

Commission File Number: 814-00702

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

(Exact Name of Registrant as Specified in its Charter)

Maryland
(State or Jurisdiction of

743113410
(IRS Employer

Incorporation or Organization)

Identification No.)

400 Hamilton Ave., Suite 310 Palo Alto, California 94301
(Address of Principal Executive Offices)

94301
(Zip Code)

(650) 289-3060

(Registrant's Telephone Number, Including Area Code)

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

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

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company

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

On August 6, 2008, there were 32,838,904 shares outstanding of the Registrant's common stock, \$0.001 par value.

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

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

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(in thousands, except per share data)

	June 30, 2008 (unaudited)	December 31, 2007
Assets		
Investments:		
Non-affiliate investments (cost of \$589,523 and \$513,106)	\$ 597,849	\$ 525,725
Affiliate investments (cost of \$6,344 and \$6,344)	4,247	4,247
Total investments, at value (cost of \$595,867 and \$519,450 respectively)	602,096	529,972
Deferred loan origination revenue	(7,896)	(6,593)
Cash and cash equivalents	13,851	7,856
Interest receivable	7,911	6,387
Other assets	6,604	4,321
Total assets	622,566	541,943
Liabilities		
Accounts payable and accrued liabilities	7,534	6,956
Short-term credit facility	118,900	79,200
Long-term SBA Debentures	95,050	55,050
Total liabilities	221,484	141,206
Net assets	\$ 401,082	\$ 400,737
Net assets consist of:		
Common stock, par value	\$ 33	\$ 33
Capital in excess of par value	397,670	393,530
Deferred stock compensation	(2,341)	(78)
Unrealized appreciation on investments	5,685	10,129
Accumulated realized gains on investments	5,686	819
Distributions in excess of investment income	(5,651)	(3,696)
Total net assets	\$ 401,082	\$ 400,737
Shares of common stock outstanding (\$0.001 par value, 60,000 authorized)	32,837	32,541
Net asset value per share	\$ 12.21	\$ 12.31

See notes to consolidated financial statements (unaudited).

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Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Accelaron Pharmaceuticals, Inc. (0.84%)* ⁽⁴⁾	Drug Discovery	Senior Debt Matures June 2009 Interest rate 10.25%	\$ 2,588	\$ 2,549	\$ 2,549
		Preferred Stock Warrants		69	702
		Preferred Stock Warrants		35	127
Accelaron Pharmaceuticals, Inc. (0.45%)		Preferred Stock		1,243	1,805
Total Accelaron Pharmaceuticals, Inc.				3,896	5,183
Aveo Pharmaceuticals, Inc. (1.99%) ⁽⁴⁾	Drug Discovery	Senior Debt Matures November 2011 Interest rate 11.13%	\$ 7,857	7,741	7,741
		Preferred Stock Warrants		144	130
		Preferred Stock Warrants		46	46
		Preferred Stock Warrants		104	53
Total Aveo Pharmaceuticals, Inc.				8,035	7,970
Elixir Pharmaceuticals, Inc. (3.05%) ⁽⁴⁾	Drug Discovery	Senior Debt Matures December 2010 Interest rate Prime + 2.45%	\$ 11,908	11,780	11,780
		Preferred Stock Warrants		217	438
Total Elixir Pharmaceuticals, Inc.				11,997	12,218
EpiCept Corporation (1.02%) ⁽⁴⁾	Drug Discovery	Senior Debt Matures April 2009 Interest rate 15.00%	\$ 3,876	3,573	2,573
		Senior Debt Matures June 2009 Interest rate 15.000%	\$ 1,000	1,000	1,000
		Common Stock Warrants		423	332
		Common Stock Warrants		161	139
		Common Stock Warrants		40	35
Total EpiCept Corporation				5,197	4,079
Horizon Therapeutics, Inc. (0.91%) ⁽⁴⁾	Drug Discovery	Senior Debt Matures May 2011 Interest rate 8.75%	\$ 1,200	1,059	1,059
		Senior Debt Matures April 2011 Interest rate 6.50%	\$ 2,400	2,400	2,400
		Preferred Stock Warrants		178	178
Total Horizon Therapeutics, Inc.				3,637	3,637
Inotek Pharmaceuticals Corp. (0.37%)	Drug Discovery	Preferred Stock		1,500	1,500
Total Inotek Pharmaceuticals Corp.				1,500	1,500
Memory Pharmaceuticals Corp. (3.39%) ⁽⁴⁾	Drug Discovery		\$ 14,569	13,422	13,422

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		Senior Debt		
		Matures December 2010		
		Interest rate 11.45%		
		Common Stock Warrants	1,751	156
Total Memory Pharmaceuticals Corp.			15,173	13,578
Merrimack Pharmaceuticals, Inc. (0.22%)(4)	Drug Discovery	Convertible Senior Debt		
		Matures October 2008		
		Interest rate 11.15%	\$ 342	334
		Preferred Stock Warrants	155	549
Merrimack Pharmaceuticals, Inc. (0.69%)		Preferred Stock	2,000	2,787
Total Merrimack Pharmaceuticals, Inc.			2,489	3,670
Neosil, Inc. (0.00%)	Drug Discovery	Preferred Stock Warrants	83	
Total Neosil, Inc.			83	
	See notes to consolidated financial statements (unaudited)			

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Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Paratek Pharmaceuticals, Inc. (0.12%) ⁽⁴⁾	Drug Discovery	Senior Debt Matures June 2008 Interest rate 11.10%	\$ 378	378	378
		Preferred Stock Warrants		137	122
Paratek Pharmaceuticals, Inc. (0.25%)		Preferred Stock		1,000	1,000
Total Paratek Pharmaceuticals, Inc.				1,515	1,500
Portola Pharmaceuticals, Inc. (3.58%) ⁽⁴⁾	Drug Discovery	Senior Debt Matures September 2010 Interest rate Prime + 1.75%	\$ 14,167	14,080	14,080
		Preferred Stock Warrants		152	291
Total Portola Pharmaceuticals, Inc.				14,232	14,371
Recoly, N.V. (0.74%) ⁽⁵⁾	Drug Discovery	Senior Debt Matures May 2012 Interest rate Prime + 4.25%	\$ 3,000	3,000	3,000
Total Recoly, N.V.				3,000	3,000
Total Drug Discovery (17.62%)				70,754	70,706
Affinity Videonet, Inc. (1.62%) ⁽⁴⁾	Communications & Networking	Senior Debt Matures June 2012 Interest rate Prime + 4.50%	\$ 4,000	3,927	3,927
		Senior Debt Matures June 2012 Interest rate Prime + 5.50%	\$ 2,000	2,000	2,000
		Revolving Line of Credit Matures June 2012 Interest rate Prime + 3.50%	\$ 500	500	500
		Preferred Stock Warrants		74	71
Total Affinity Videonet, Inc.				6,501	6,498
E-band Communications, Inc. (0.50%) ⁽⁶⁾	Communications & Networking	Preferred Stock		2,000	2,000
Total E-Band Communications, Inc.				2,000	2,000
IKANO Communications, Inc. (4.26%) ⁽⁴⁾	Communications & Networking	Senior Debt Matures March 2011 Interest rate 11.00%	\$ 16,657	16,657	16,657
		Preferred Stock Warrants		46	175
		Preferred Stock Warrants		72	264
Total IKANO Communications, Inc.				16,775	17,096
Kadoink, Inc. (0.06%)	Communications & Networking	Senior Debt Matures April 2011	\$ 250	178	178

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		Interest rate Prime + 2.00%			
		Preferred Stock Warrants		73	68
Kadoink, Inc. (0.06%)		Preferred Stock		250	250
Total Kadoink, Inc.				501	496
Neonova Holding Company (2.24%)	Communications & Networking	Senior Debt			
		Matures September 2012			
		Interest rate Prime + 3.25%	\$ 9,000	8,916	8,916
		Preferred Stock Warrants		94	77
Neonova Holding Company (0.06%)		Preferred Stock		250	250
Total Neonova Holding Company				9,260	9,243

See notes to consolidated financial statements (unaudited)

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Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Peerless Network, Inc. (0.37%) ⁽⁴⁾	Communications & Networking	Senior Debt			
		Matures June 2011			
		Interest rate Prime + 3.25%	\$ 1,500	1,415	1,415
		Preferred Stock Warrants		95	75
Peerless Network, Inc. (0.25%)		Preferred Stock		1,000	1,000
Total Peerless Network, Inc.				2,510	2,490
Ping Identity Corporation (0.28%) ⁽⁴⁾	Communications & Networking	Senior Debt			
		Matures June 2009			
		Interest rate 11.50%	\$ 1,118	1,105	1,105
		Preferred Stock Warrants		51	6
Total Ping Identity Corporation				1,156	1,111
Purcell Systems, Inc. (2.16%)	Communications & Networking	Senior Debt			
		Matures June 2009			
		Interest rate Prime + 3.50%	\$ 1,951	1,872	1,872
		Revolving Line of Credit			
	Matures June 2008				
	Interest rate Prime + 2.00%	\$ 6,000	6,000	6,000	
		Preferred Stock Warrants		123	781
Total Purcell Systems, Inc.				7,995	8,653
Rivulet Communications, Inc. (0.66%) ⁽⁴⁾	Communications & Networking	Senior Debt			
		Matures September 2009			
		Interest rate 10.60%	\$ 2,656	2,633	2,633
		Preferred Stock Warrants		51	
Rivulet Communications, Inc. (0.00%)		Preferred Stock		250	4
Total Rivulet Communications, Inc.				2,934	2,637
Seven Networks, Inc. (1.97%) ⁽⁴⁾	Communications & Networking	Senior Debt			
		Matures April 2010			
		Interest rate Prime + 3.75%	\$ 7,580	7,483	7,483
		Preferred Stock Warrants		174	413
Total Seven Networks, Inc.				7,657	7,896
Simpler Networks Corp. (1.08%) ⁽⁴⁾⁽⁷⁾	Communications & Networking	Senior Debt			
		Matures July 2009			
		Interest rate 18.25%	\$ 3,914	4,571	4,321
		Preferred Stock Warrants		160	
Simpler Networks Corp. (0.00%)		Preferred Stock		500	
Total Simpler Networks Corp.				5,231	4,321
Stoke, Inc. (0.86%)	Communications & Networking	Senior Debt			
		Matures August 2010			
		Interest rate 10.55%	\$ 2,176	2,139	2,139
			\$ 1,208	1,208	1,208

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Senior Debt Matures
August 2010
Interest rate Prime + 2.30%
Preferred Stock Warrants

		53	119
Total Stoke, Inc.	See notes to consolidated financial statements (unaudited)	3,400	3,466

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Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Tectura Corporation (5.57%) ⁽⁴⁾	Communications & Networking	Senior Debt Matures March 2012 Interest rate LIBOR + 6.15%	\$ 8,187	8,250	8,250
		Revolving Line of Credit Matures March 2008 Interest rate LIBOR + 5.15%	\$ 12,000	12,000	12,000
		Revolving Line of Credit Matures March 2009 Interest rate LIBOR + 7.25%	\$ 2,000	2,000	2,000
		Preferred Stock Warrants		51	89
Total Tectura Corporation				22,301	22,339
Teleflip, Inc. (0.00%) ⁽⁷⁾	Communications & Networking	Senior Debt Matures May 2010 Interest rate Prime + 2.75%	\$ 906	900	
		Preferred Stock Warrants		10	
Total Teleflip, Inc.				910	
Wireless Channels, Inc. (3.01%)	Communications & Networking	Senior Debt - Second Lien Matures April 2010 Interest rate Prime + 4.25%	\$ 10,000	10,226	10,226
		Senior Debt - Second Lien Matures April 2010 Interest rate Prime + 4.25%	\$ 1,365	1,365	1,365
		Preferred Stock Warrants		156	495
Total Wireless Channels, Inc.				11,747	12,086
Zayo Bandwith, Inc. (6.24%) ⁽⁴⁾	Communications & Networking	Senior Debt Matures April 2013 Interest rate Prime + 3.50%	\$ 25,000	25,000	25,000
Total Zayo Bandwith, Inc.				25,000	25,000
Total Communications & Networking (31.25%)				125,878	125,332
Atrenta, Inc. (2.30%) ⁽⁴⁾	Software	Senior Debt Matures January 2010 Interest rate 11.50%	\$ 2,961	2,874	2,874
		Revolving Line of Credit Matures October 2009 Interest rate Prime + 2.00%	\$ 6,000	6,000	6,000
		Preferred Stock Warrants		102	225
		Preferred Stock Warrants		34	73
		Preferred Stock Warrants		71	53
Atrenta, Inc. (0.05%)		Preferred Stock		250	220

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Total Atrenta, Inc.				9,331	9,445
Blurb, Inc. (0.70%)	Software	Senior Debt Matures December 2009 Interest rate 9.55%	\$ 2,018	2,005	2,005
		Senior Debt Matures June 2011 Interest rate Prime + 3.50%	\$ 750	750	750
		Preferred Stock Warrants		25	33
Total Blurb, Inc.				2,780	2,788
Braxton Technologies, LLC. (2.49%)	Software	Senior Debt Matures July 2012 Interest rate Libor + 7.25%	\$ 10,000	9,813	9,813
		Preferred Stock Warrants		189	194
Total Braxton Technologies, LLC.				10,002	10,007
	See notes to consolidated financial statements (unaudited)				

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Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Bullhorn, Inc. (0.25%)	Software	Senior Debt Matures March 2010 Interest rate Prime + 3.75%	\$ 970	938	938
		Preferred Stock Warrants		43	45
Total Bullhorn, Inc.				981	983
Cittio, Inc. (0.26%)	Software	Senior Debt Matures April 2010 Interest rate 11.00%	\$ 963	940	940
		Preferred Stock Warrants		53	113
Total Cittio, Inc.				993	1,053
Forescout Technologies, Inc. (0.52%) ⁽⁴⁾	Software	Senior Debt Matures August 2009 Interest rate 11.15%	\$ 1,467	1,438	1,438
		Revolving Line of Credit Matures August 2007 Interest rate Prime + 1.49%	\$ 500	500	500
		Preferred Stock Warrants		99	157
Total Forescout Technologies, Inc.				2,037	2,095
GameLogic, Inc. (0.67%) ⁽⁴⁾	Software	Senior Debt Matures December 2009 Interest rate Prime + 4.125%	\$ 2,734	2,688	2,688
		Preferred Stock Warrants		93	
Total GameLogic, Inc.				2,781	2,688
Gomez, Inc. (0.12%) ⁽⁴⁾	Software	Preferred Stock Warrants		35	484
Total Gomez, Inc.				35	484
HighRoads, Inc. (0.01%) ⁽⁴⁾	Software	Preferred Stock Warrants		44	58
Total HighRoads, Inc.				44	58
Infologix, Inc. (4.74%) ⁽⁴⁾	Software	Senior Debt Matures May 2012 Interest rate Prime + 4.50%	\$ 10,000	10,000	10,000
		Revolving Line of Credit Matures November 2009 Interest rate Prime + 2.50%	\$ 9,000	9,000	9,000
Total Infologix, Inc.				19,000	19,000
Intelliden, Inc. (0.49%)	Software	Senior Debt Matures February 2010 Interest rate 13.20%	\$ 1,895	1,887	1,887
		Preferred Stock Warrants		18	72

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Total Intelliden, Inc.				1,905	1,959
Oatsystems, Inc. (0.00%)(4)	Software	Preferred Stock Warrants		67	
Total Oatsystems, Inc.				67	
Proficiency, Inc. (0.37%)(5)(6)	Software	Senior Debt			
		Matures August 2012			
		Interest rate 8.00%	\$ 1,500	1,497	1,497
		Preferred Stock Warrants		97	
Proficiency, Inc. (0.19%)		Preferred Stock		2,750	750
Total Proficiency, Inc.				4,344	2,247
PSS Systems, Inc. (0.82%)(4)	Software	Senior Debt			
		Matures March 2010			
		Interest rate 10.74%	\$ 3,239	3,210	3,210
		Preferred Stock Warrants		51	92
Total PSS Systems, Inc.				3,261	3,302
See notes to consolidated financial statements (unaudited)					

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Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Rockyou, Inc. (0.75%)	Software	Senior Debt Matures May 2011 Interest rate Prime + 2.50%	\$ 3,000	3,000	3,000
Total Rockyou, Inc.				3,000	3,000
Savvion, Inc. (1.51%) ⁽⁴⁾	Software	Senior Debt Matures April 2009 Interest rate Prime + 3.45%	\$ 811	811	811
		Revolving Line of Credit Matures March 2009 Interest rate Prime + 4.45%	\$ 3,459	3,459	3,459
		Revolving Line of Credit Matures March 2009 Interest rate Prime + 3.00%	\$ 1,526	1,526	1,526
		Preferred Stock Warrants		52	243
Total Savvion, Inc.				5,848	6,039
Sportvision, Inc. (0.01%)	Software	Preferred Stock Warrants		39	45
Total Sportvision, Inc.				39	45
WildTangent, Inc. (0.51%)	Software	Senior Debt Matures March 2011 Interest rate 9.65%	\$ 2,000	1,815	1,815
		Preferred Stock Warrants		240	206
Total WildTangent, Inc.				2,055	2,021
Total Software (16.76%)				68,503	67,214
Agami Systems, Inc. (0.93%) ⁽⁴⁾	Electronics & Computer Hardware	Senior Debt Matures August 2009 Interest rate 11.00%	\$ 3,746	3,714	3,714
		Preferred Stock Warrants		85	
Total Agami Systems, Inc.				3,799	3,714
Luminus Devices, Inc. (3.00%) ⁽⁴⁾	Electronics & Computer Hardware	Senior Debt Matures August 2009 Interest rate 12.8750%	\$ 11,792	11,421	11,421
		Preferred Stock Warrants		183	126
		Preferred Stock Warrants		83	69
		Preferred Stock Warrants		334	399
Total Luminus Devices, Inc.				12,021	12,015
Maxvision Holding, LLC. (3.09%) ⁽⁴⁾	Electronics & Computer Hardware	Senior Debt Matures April 2012 Interest rate Prime + 5.50%	\$ 5,000	5,063	5,063

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		Senior Debt			
		Matures April 2012			
		Interest rate Prime + 2.25%	\$ 5,417	5,417	5,417
		Revolving Line of Credit			
		Matures September 2012			
		Interest rate Prime +2.25%	\$ 1,972	1,898	1,898
Maxvision Holding, LLC. (0.02%)		Preferred Stock		82	82
Total Maxvision Holding, LLC				12,460	12,460
NetEffect, Inc. (0.50%)	Electronics & Computer Hardware	Senior Debt			
		Matures May 2010			
		Interest rate 11.95%	\$ 2,058	2,018	2,018
		Preferred Stock Warrants		46	
Total NetEffect, Inc.				2,064	2,018

See notes to consolidated financial statements (unaudited)

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Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Shocking Technologies, Inc. (0.07%)	Electronics & Computer Hardware	Senior Debt Matures December 2010 Interest rate 9.75%	\$ 250	201	201
		Preferred Stock Warrants		63	90
Total Shocking Technologies, Inc.				264	291
SiCortex, Inc. (2.34%)	Electronics & Computer Hardware	Senior Debt Matures December 2010 Interest rate 10.95%	\$ 8,971	8,856	8,856
		Preferred Stock Warrants		165	525
Total SiCortex, Inc.				9,021	9,381
Spatial Photonics, Inc. (0.97%) ⁽⁴⁾	Electronics & Computer Hardware	Senior Debt Matures May 2011 Interest rate 10.75%	\$ 3,751	3,651	3,651
		Preferred Stock Warrants		130	234
Spatial Photonics, Inc. (0.12%)		Preferred Stock		500	500
Total Spatial Photonics Inc.				4,281	4,385
VeriWave, Inc. (1.06%)	Electronics & Computer Hardware	Senior Debt Matures May 2010 Interest rate 10.75%	\$ 3,359	3,326	3,326
		Revolving Line of Credit Matures May 2008 Interest rate Prime +1.00%	\$ 922	922	922
		Preferred Stock Warrants		55	5
Total VeriWave, Inc.				4,303	4,253
ViDeOnline Communications, Inc. (0.07%) ⁽⁴⁾	Electronics & Computer Hardware	Preferred Stock Warrants		298	288
Total ViDeOnline Communications, Inc.				298	288
Total Electronics & Computer Hardware (12.17%)				48,511	48,805
Aegerion Pharmaceuticals, Inc. (2.06%) ⁽⁴⁾	Specialty Pharmaceuticals	Senior Debt Matures August 2010 Interest rate Prime + 2.50%	\$ 8,080	8,038	8,038
		Preferred Stock Warrants		69	232
Aegerion Pharmaceuticals, Inc. (0.25%)		Preferred Stock		1,000	1,000
Total Aegerion Pharmaceuticals, Inc.				9,107	9,270
Panacos Pharmaceuticals, Inc. (4.84%) ⁽⁴⁾	Specialty Pharmaceuticals	Senior Debt Matures January 2011 Interest rate 11.20%	\$ 20,000	19,395	19,395
		Common Stock Warrants		876	37

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Panacos Pharmaceuticals, Inc. (0.02%)	Common Stock	410	90
Total Panacos Pharmaceuticals, Inc.		20,681	19,522
Quatrx Pharmaceuticals Company (5.03%)(4)	Specialty Pharmaceuticals		
	Senior Debt		
	Matures October 2011		
	Interest rate Prime + 4.85%	\$ 20,000	19,694
	Preferred Stock Warrants	220	205
	Preferred Stock Warrants	307	278
Quatrx Pharmaceuticals Company (0.20%)	Preferred Stock	750	750
Total Quatrx Pharmaceuticals Company		20,971	20,927
Total Specialty Pharmaceuticals (12.40%)		50,759	49,719

See notes to consolidated financial statements (unaudited)

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS****June 30, 2008****(unaudited)****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Annie's, Inc. (1.01%)	Consumer & Business Products	Senior Debt - Second Lien Matures April 2011 Interest rate LIBOR + 6.50%	\$ 4,000	3,721	3,721
		Preferred Stock Warrants		321	320
Total Annie's, Inc.				4,042	4,041
BabyUniverse, Inc. (0.01%) ⁽⁴⁾	Consumer & Business Products	Common Stock		267	52
Total BabyUniverse, Inc.				267	52
IPA Holdings, LLC. (4.17%) ⁽⁴⁾	Consumer & Business Products	Senior Debt Matures November 2012 Interest rate Prime + 3.50%	\$ 10,000	10,000	10,000
		Senior Debt Matures May 2013 Interest rate Prime + 6.00%	\$ 6,500	6,507	6,507
		Revolving Line of Credit Matures November 2012 Interest rate Prime + 2.50%	\$ 200	200	200
IPA Holding, LLC. (0.12%)		Preferred Stock		500	500
Total IPA Holding, LLC.				17,207	17,207
Market Force Information, Inc. (0.01%) ⁽⁴⁾	Consumer & Business Products	Preferred Stock Warrants		24	55
Market Force Information, Inc. (0.07%)		Preferred Stock		500	280
Total Market Force Information, Inc.				524	335
OnTech Operations, Inc. (0.83%)	Consumer & Business Products	Senior Debt Matures June 2011 Interest rate Prime + 6.375%	\$ 3,000	2,330	2,330
		Revolving Line of Credit Matures June 2009 Interest rate Prime +5.625%	\$ 315	315	315
		Preferred Stock Warrants		452	462
		Preferred Stock Warrants		218	228
OnTech Operations, Inc. (0.25%)		Preferred Stock		1,000	1,000
Total OnTech Operations, Inc.				4,315	4,335
Wageworks, Inc. (0.14%) ⁽⁴⁾	Consumer & Business Products	Preferred Stock Warrants		252	555
Wageworks, Inc. (0.05%)		Preferred Stock		250	179
Total Wageworks, Inc.				502	734
Total Consumer & Business Products (6.66%)				26,857	26,704

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Custom One Design, Inc. (0.25%)	Semiconductors	Senior Debt Matures September 2010 Interest rate 11.50%	\$ 969	956	956
		Common Stock Warrants		18	51
Total Custom One Design, Inc.				974	1,007
Enpirion, Inc. (1.25%)	Semiconductors	Senior Debt Matures August 2011 Interest rate Prime + 4.00%	\$ 5,000	4,897	4,897
		Preferred Stock Warrants		105	107
Total Enpirion, Inc.				5,002	5,004
	See notes to consolidated financial statements (unaudited)				

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Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
iWatt Inc. (1.31%) ⁽⁴⁾	Semiconductors	Senior Debt Matures September 2009 Interest rate Prime + 2.75%	\$ 2,963	2,908	2,908
		Revolving Line of Credit Matures September 2007 Interest rate Prime + 1.75%	\$ 1,635	1,635	1,635
		Preferred Stock Warrants		46	107
		Preferred Stock Warrants		51	56
		Preferred Stock Warrants		73	70
		Preferred Stock Warrants		459	462
iWatt Inc. (0.24%)		Preferred Stock		490	949
Total iWatt Inc.				5,662	6,187
NEXX Systems, Inc. (2.25%) ⁽⁴⁾	Semiconductors	Senior Debt Matures February 2010 Interest rate Prime + 2.75%	\$ 3,622	3,530	3,530
		Revolving Line of Credit Matures December 2009 Interest rate Prime + 1.75%	\$ 5,725	5,000	5,000
		Preferred Stock Warrants		165	510
Total NEXX Systems, Inc.				8,695	9,040
Quartics, Inc. (1.07%) ⁽⁴⁾	Semiconductors	Senior Debt Matures August 2010 Interest rate 11.05%	\$ 281	244	244
		Senior Debt Matures August 2010 Interest rate 8.80%	\$ 3,928	3,928	3,928
		Preferred Stock Warrants		53	134
Total Quartics, Inc.				4,225	4,306
Solarflare Communications, Inc. (0.19%) ⁽⁴⁾	Semiconductors	Senior Debt Matures August 2010 Interest rate 11.75%	\$ 586	528	528
		Preferred Stock Warrants		83	228
Solarflare Communications, Inc. (0.16%)		Preferred Stock		641	641
Total Solarflare Communications, Inc.				1,252	1,397
Total Semiconductors (6.72%)				25,810	26,941
Labopharm USA, Inc. (3.90%) ⁽⁴⁾⁽⁵⁾	Drug Delivery	Senior Debt Matures July 2008 Interest rate 11.95%	\$ 15,000	14,628	14,628
		Common Stock Warrants		458	997

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Total Labopharm USA, Inc.				15,086	15,625
Transcept Pharmaceuticals, Inc. (1.36%)(4)	Drug Delivery	Senior Debt			
		Matures October 2009			
		Interest rate 10.69%	\$ 5,223	5,189	5,189
		Preferred Stock Warrants		36	105
		Preferred Stock Warrants		51	146
Transcept Pharmaceuticals, Inc. (0.08%)		Preferred Stock		500	338
Total Transcept Pharmaceuticals, Inc.				5,776	5,778
Total Drug Delivery (5.34%)				20,862	21,403
BARRX Medical, Inc. (0.02%)	Therapeutic	Preferred Stock Warrants		63	67
BARRX Medical, Inc. (0.37%)		Preferred Stock		1,500	1,500
Total BARRX Medical, Inc.				1,563	1,567
EKOS Corporation (1.38%)	Therapeutic	Senior Debt			
		Matures November 2010			
		Interest rate Prime + 2.00%	\$ 5,000	4,776	4,776
		Preferred Stock Warrants		175	497
		Preferred Stock Warrants		153	265
Total EKOS Corporation				5,104	5,538

See notes to consolidated financial statements (unaudited)

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Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Gynesonics, Inc. (0.02%) ⁽⁴⁾	Therapeutic	Preferred Stock Warrants		18	97
Gynesonics, Inc. (0.07%)		Preferred Stock		250	270
Total Gynesonics, Inc.				268	367
Light Science Oncology, Inc. (0.04%)	Therapeutic	Preferred Stock Warrants		99	175
Total Light Science Oncology, Inc.				99	175
Novasys Medical, Inc. (1.33%) ⁽⁴⁾	Therapeutic	Senior Debt			
		Matures January 2010			
		Interest rate 9.70%	\$ 5,142	5,095	5,095
		Preferred Stock Warrants		71	169
		Preferred Stock Warrants		54	55
Novasys Medical, Inc.(0.14%)		Preferred Stock		556	556
Total Novasys Medical, Inc.				5,776	5,875
Power Medical Interventions, Inc. (0.00%)	Therapeutic	Common Stock Warrants		20	1
Total Power Medical Interventions, Inc.				20	1
Total Therapeutic (3.37%)				12,830	13,523
Cozi Group, Inc. (0.02%)	Internet Consumer & Business Services	Preferred Stock Warrants		147	89
Cozi Group, Inc. (0.06%)		Preferred Stock		177	251
Total Cozi Group, Inc.				324	340
Invoke Solutions, Inc. (0.42%) ⁽⁴⁾	Internet Consumer & Business Services	Senior Debt			
		Matures December 2008			
		Interest rate Prime + 3.75%	\$ 1,605	1,588	1,588
		Preferred Stock Warrants		56	80
		Preferred Stock Warrants		26	25
Total Invoke Solutions, Inc.				1,670	1,693
Prism Education Group Inc. (0.48%)	Internet Consumer & Business Services	Senior Debt			
		Matures December 2010			
		Interest rate 11.25%	\$ 1,843	1,814	1,814
		Preferred Stock Warrants		43	99
Total Prism Education Group Inc.				1,857	1,913
RazorGator Interactive Group, Inc. (1.71%)	Internet Consumer & Business Services	Revolving Line of Credit			
		Matures January 2009			
		Interest rate Prime + 1.80%	\$ 3,000	3,000	3,000
		Preferred Stock Warrants		13	3,520

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		Preferred Stock Warrants		28	345
RazorGator Interactive Group, Inc. (1.37%)		Preferred Stock		1,000	5,487
Total RazorGator Interactive Group, Inc.				4,041	12,352
Serious USA, Inc. (0.51%)	Internet Consumer & Business Services	Senior Debt			
		Matures February 2011			
		Interest rate Prime + 3.00%	\$ 2,450	2,383	1,383
		Revolving Line of Credit			
		Matures July 2008			
		Interest rate Prime + 2.00%	\$ 654	654	654
		Preferred Stock Warrants		94	5
Total Serious USA, Inc.				3,131	2,042

See notes to consolidated financial statements (unaudited)

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS****June 30, 2008****(unaudited)****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Spa Chakra, Inc. (0.63%)	Internet Consumer & Business Services	Senior Debt Matures June 2010 Interest rate 14.45%	\$ 2,500	2,500	2,500
Total Spa Chakra, Inc.				2,500	2,500
Total Internet Consumer & Business Services (5.20%)				13,523	20,840
Lilliputian Systems, Inc. (1.46%) ⁽⁴⁾	Energy	Senior Debt Matures March 2010 Interest rate 9.75%	\$ 5,791	5,772	5,772
		Preferred Stock Warrants		48	91
Total Lilliputian Systems, Inc.				5,820	5,863
Total Energy (1.46%)				5,820	5,863
Active Response Group, Inc. (2.47%)	Information Services	Senior Debt Matures March 2012 Interest rate LIBOR + 6.55%	\$ 9,795	9,694	9,694
		Preferred Stock Warrants		92	81
		Common Stock Warrants		46	123
Total Active Response Group, Inc.				9,832	9,898
Box.net, Inc. (0.08%)	Information Services	Senior Debt Matures June 2011 Interest rate Prime + 1.50%	\$ 322	250	250
		Preferred Stock Warrants		73	68
Total Box.net, Inc.				323	318
Buzznet, Inc. (0.19%)	Information Services	Senior Debt Matures March 2010 Interest rate 10.25%	\$ 737	732	732
		Preferred Stock Warrants		9	14
Buzznet, Inc. (0.06%)		Preferred Stock		250	250
Total Buzznet, Inc.				991	996
hi5 Networks, Inc. (2.02%)	Information Services	Senior Debt Matures January 2011 Interest rate Prime + 2.5%	\$ 3,000	3,000	3,000
		Senior Debt Matures June 2011 Interest rate Prime + 0.5%	\$ 2,950	2,950	2,950
		Revolving Line of Credit Matures July 2011 Interest rate 6.50%	\$ 987	987	987

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		Revolving Line of Credit			
		Matures June 2011			
		Interest rate 7.75%	\$ 1,000	835	835
		Preferred Stock Warrants		212	331
Total hi5 Networks, Inc.				7,984	8,103
Jab Wireless, Inc. (3.27%)	Information Services	Senior Debt			
		Matures January 2012			
		Interest rate 10.75%	\$ 3,097	2,884	2,884
		Senior Debt			
		Matures January 2012			
		Interest rate 10.00%	\$ 1,903	1,903	1,903
		Senior Debt			
		Matures January 2012			
		Interest rate 9.50%	\$ 3,000	3,000	3,000
		Senior Debt			
		Matures January 2012			
		Interest rate 8.50%	\$ 5,000	5,000	5,000
		Preferred Stock Warrants		265	310
Total Jab Wireless, Inc.				13,052	13,097
		See notes to consolidated financial statements (unaudited)			

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS****June 30, 2008****(unaudited)****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Solutionary, Inc. (1.94%)	Information Services	Senior Debt Matures June 2010 Interest rate LIBOR + 5.50%	\$ 6,000	6,058	6,058
		Revolving Line of Credit Matures June 2010 Interest rate LIBOR + 5.00%	\$ 1,500	1,528	1,528
		Preferred Stock Warrants		94	202
		Preferred Stock Warrants		2	6
Solutionary, Inc. (0.06%)		Preferred Stock		250	250
Total Solutionary, Inc.				7,932	8,044
The Generation Networks, Inc. (4.02%) ⁽⁴⁾	Information Services	Senior Debt Matures March 2012 Interest rate Prime + 4.50%	\$ 16,088	16,108	16,108
The Generation Networks, Inc. (0.12%)		Preferred Stock		500	500
Total The Generation Networks, Inc.				16,608	16,608
Wallop Technologies, Inc. (0.04%)	Information Services	Senior Debt Matures March 2010 Interest rate 10.00%	\$ 180	176	176
		Preferred Stock Warrants		7	
Total Wallop Technologies, Inc.				183	176
Zeta Interactive Corporation (3.72%) ⁽⁴⁾	Information Services	Senior Debt Matures November 2011 Interest rate Prime +2.00%	\$ 6,882	6,727	6,727
		Senior Debt Matures November 2011 Interest rate Prime +3.00%	\$ 8,000	8,000	8,000
		Preferred Stock Warrants		172	203
Zeta Interactive Corporation (0.13%)		Preferred Stock		500	500
Total Zeta Interactive Corporation				15,399	15,430
Total Information Services (18.12%)				72,304	72,670
Novadaq Technologies, Inc. (0.11%)	Diagnostic	Common Stock		1,626	436
Total Novadaq Technologies, Inc.				1,626	436
Optiscan Biomedical, Corp. (2.55%)	Diagnostic	Senior Debt Matures June 2011 Interest rate 10.25%	\$ 10,000	9,329	9,329
		Preferred Stock Warrants		760	908
Optiscan Biomedical, Corp. (0.63%)		Preferred Stock		3,000	2,515

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Total Optiscan Biomedical, Corp.			13,089	12,752
Total Diagnostic (3.29%)			14,715	13,188
Guava Technologies, Inc. (1.29%)(4)	Biotechnology Tools	Senior Debt		
		Matures July 2009		
		Interest rate Prime + 3.25%	\$ 2,854	2,796
		Convertible Debt		250
		Revolving Line of Credit		
		Matures December 2007		
		Interest rate Prime + 2.00%	\$ 1,875	1,875
		Preferred Stock Warrants		105
		Preferred Stock Warrants		69
Total Guava Technologies, Inc.			5,095	5,166
Kamada, LTD. (2.73%)(5)	Biotechnology Tools	Senior Debt		
		Matures November 2011		
		Interest rate 10.60%	\$ 11,000	10,640
		Common Stock Warrants		429
Total Kamada, LTD.			11,069	10,963
	See notes to consolidated financial statements (unaudited)			

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS****June 30, 2008****(unaudited)****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
NuGEN Technologies, Inc. (0.75%)	Biotechnology Tools	Senior Debt Matures March 2010 Interest rate Prime + 3.45%	\$ 1,706	1,680	1,680
		Senior Debt Matures November 2010 Interest rate Prime + 1.70%	\$ 1,000	1,000	1,000
		Preferred Stock Warrants		44	314
		Preferred Stock Warrants		33	29
NuGEN Technologies, Inc. (0.12%)		Preferred Stock		500	500
Total NuGEN Technologies, Inc.				3,257	3,523
Total Biotechnology Tools (4.89%)				19,421	19,652
Crux Biomedical, Inc. (0.38%)	Surgical Devices	Senior Debt Matures October 2010 Interest rate Prime + 1.75%	\$ 1,500	1,475	1,475
		Preferred Stock Warrants		37	64
Crux Biomedical, Inc. (0.06%)		Preferred Stock		250	250
Total Crux Biomedical, Inc.				1,762	1,789
Diomed Holdings, Inc. (0.00%) ⁽⁴⁾	Surgical Devices	Common Stock Warrants		43	
Total Diomed Holdings, Inc.				43	
Transmedics, Inc. (1.51%) ⁽⁴⁾	Surgical Devices	Senior Debt Matures December 2011 Interest rate Prime + 5.25%	\$ 6,000	5,868	5,868
		Preferred Stock Warrants		140	170
Total Transmedics, Inc.				6,008	6,038
Total Surgical Devices (1.95%)				7,813	7,827
Glam Media, Inc. (1.23%)	Media/Content/Info	Revolving Line of Credit Matures April 2009 Interest rate Prime + 1.25%	\$ 5,000	4,636	4,636
		Preferred Stock Warrants		482	299
Total Glam Media, Inc.				5,118	4,935
Waterfront Media Inc. (1.44%) ⁽⁴⁾	Media/Content/Info	Senior Debt Matures December 2010 Interest rate Prime + 3.00%	\$ 3,362	3,329	3,329
		Revolving Line of Credit Matures March 2008 Interest rate Prime + 1.25%	\$ 2,000	2,000	2,000

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	Preferred Stock Warrants	60	445
Waterfront Media Inc. (0.25%)	Preferred Stock	1,000	1,000
Total Waterfront Media Inc.		6,389	6,774
Total Media/Content/Info (2.92%)		11,507	11,709
Total Investments (150.12%)		\$ 595,867	\$ 602,096

See notes to consolidated financial statements (unaudited)

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

June 30, 2008

(Continued)

* 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 appreciation for federal income tax purposes totaled \$15,489, \$13,138 and \$2,351, respectively. The tax cost of investments is \$599,745.
- (3) Except for warrants in six publicly traded companies and common stock in three publicly traded companies, all investments are restricted at June 30, 2008 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 and warrant investments of this portfolio company have been pledged as collateral under the Credit Facility. Citigroup has an equity participation right on loans collateralized under the Credit Facility. The value of their participation right on unrealized gains in the related equity investments was approximately \$785,000 at June 30, 2008 and is included in accrued liabilities and reduces the unrealized gain recognized by the Company at June 30, 2008.
- (5) Non-U.S. company or the company's principal place of business is outside the United States.
- (6) Affiliate investment that is defined under the Investment Company Act of 1940 as companies in which HTGC owns at least 5% but not more than 25% of the voting securities of the company. All other investments are less than 5% owned.
- (7) Debt is on non-accrual status at June 30, 2008, and is therefore considered non-income producing.
See notes to consolidated financial statements (unaudited).

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Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Accelaron Pharmaceuticals, Inc. (0.94%)* ⁽⁴⁾	Drug Discovery	Senior Debt			
		Matures June 2009			
		Interest rate 10.25%	\$ 3,237	\$ 3,184	\$ 3,184
Accelaron Pharmaceuticals, Inc. (0.45%)		Preferred Stock Warrants		69	472
		Preferred Stock Warrants		35	109
		Preferred Stock		1,243	1,804
Total Accelaron Pharmaceuticals, Inc.				4,531	5,569
Aveo Pharmaceuticals, Inc. (3.06%) ⁽⁴⁾	Drug Discovery	Senior Debt			
		Matures September 2009			
		Interest rate 10.75%	\$ 12,078	11,984	11,984
		Preferred Stock Warrants		144	204
Aveo Pharmaceuticals, Inc.		Preferred Stock Warrants		46	74
Total Aveo Pharmaceuticals, Inc.				12,174	12,262
Elixir Pharmaceuticals, Inc. (3.58%) ⁽⁴⁾	Drug Discovery	Senior Debt			
		Matures June 2010			
		Interest rate Prime + 2.45%	\$ 13,997	13,836	13,836
Elixir Pharmaceuticals, Inc.		Preferred Stock Warrants		217	511
Total Elixir Pharmaceuticals, Inc.				14,053	14,347
EpiCept Corporation (1.77%) ⁽⁴⁾	Drug Discovery	Senior Debt			
		Matures August 2009			
		Interest rate 11.70%	\$ 7,307	6,878	6,878
EpiCept Corporation		Common Stock Warrants		423	214
Total EpiCept Corporation				7,301	7,092
Horizon Therapeutics, Inc. (0.30%) ⁽⁴⁾	Drug Discovery	Senior Debt			
		Matures April 2011			
		Interest rate 8.75%	\$ 12,000	1,022	1,022
Horizon Therapeutics, Inc.		Preferred Stock Warrants		179	179
Total Horizon Therapeutics, Inc.				1,201	1,201
Inotek Pharmaceuticals Corp. (0.37%)	Drug Discovery	Preferred Stock		1,500	1,500
Total Inotek Pharmaceuticals Corp.				1,500	1,500
Memory Pharmaceuticals Corp. (3.48%) ⁽⁴⁾	Drug Discovery	Senior Debt			
		Matures February 2011			
		Interest rate 11.45%	\$ 15,000	13,608	13,608
Memory Pharmaceuticals Corp.		Common Stock Warrants		1,751	341
Total Memory Pharmaceuticals Corp.				15,359	13,949
Merrimack Pharmaceuticals, Inc. (0.37%) ⁽⁴⁾	Drug Discovery	Convertible Senior Debt			
Merrimack Pharmaceuticals, Inc.		Matures October 2008			
		Interest rate 11.15%	\$ 1,024	994	994

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		Preferred Stock Warrants		155	502
Merrimack Pharmaceuticals, Inc. (0.70%)		Preferred Stock		2,000	2,787
Total Merrimack Pharmaceuticals, Inc.				3,149	4,283
Neosil, Inc. (1.53%)	Drug Discovery	Senior Debt			
		Matures May 2010			
		Interest rate 10.75%	\$ 6,000	5,936	5,936
		Preferred Stock Warrants		82	177
Total Neosil, Inc.				6,018	6,113
	See notes to consolidated financial statements (unaudited).				

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS - (Continued)****December 31, 2007****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Paratek Pharmaceuticals, Inc. (0.64%) ⁽⁴⁾	Drug Discovery	Senior Debt Matures June 2008 Interest rate 11.10%	\$ 2,587	2,568	2,568
		Preferred Stock Warrants		137	
Paratek Pharmaceuticals, Inc. (0.14%)		Preferred Stock		550	550
Total Paratek Pharmaceuticals, Inc.				3,255	3,118
Portola Pharmaceuticals, Inc. (3.80%) ⁽⁴⁾	Drug Discovery	Senior Debt Matures September 2010 Interest rate Prime + 1.75%	\$ 15,000	14,894	14,894
		Preferred Stock Warrants		152	350
Total Portola Pharmaceuticals, Inc.				15,046	15,244
Sirtris Pharmaceuticals, Inc. (2.46%) ⁽⁴⁾	Drug Discovery	Senior Debt Matures April 2011 Interest rate 10.60%	\$ 9,079	9,022	9,022
		Common Stock Warrants		89	818
Sirtris Pharmaceuticals, Inc. (0.19%)		Common Stock		500	776
Total Sirtris Pharmaceuticals, Inc.				9,611	10,616
Total Drug Discovery (23.78%)				93,198	95,294
E-band Communications, Inc. (0.50%) ⁽⁶⁾	Communications & Networking	Preferred Stock		2,000	2,000
Total E-Band Communications, Inc.				2,000	2,000
IKANO Communications, Inc. (5.09%) ⁽⁴⁾	Communications & Networking	Senior Debt Matures March 2011 Interest rate 11.00%	\$ 19,983	19,983	19,983
		Preferred Stock Warrants		45	163
		Preferred Stock Warrants		72	256
Total IKANO Communications, Inc.				20,100	20,402
Ping Identity Corporation (0.40%) ⁽⁴⁾	Communications & Networking	Senior Debt Matures June 2009 Interest rate 11.50%	\$ 1,630	1,608	1,608
		Preferred Stock Warrants		52	11
Total Ping Identity Corporation				1,660	1,619
Purcell Systems, Inc. (2.33%)	Communications & Networking	Senior Debt Matures June 2009 Interest rate Prime + 3.50%	\$ 2,224	3,126	3,126
		Revolving Line of Credit Matures June 2008 Interest rate Prime + 2.00%	\$ 7,000	6,000	6,000

Preferred Stock Warrants

122

198

Total Purcell Systems, Inc.

9,248

9,324

See notes to consolidated financial statements (unaudited).

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS - (Continued)****December 31, 2007****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Rivulet Communications, Inc. (0.83%) ⁽⁴⁾	Communications & Networking	Senior Debt			
		Matures September 2009			
		Interest rate 10.60%	\$ 3,500	3,272	3,272
		Preferred Stock Warrants		50	63
Rivulet Communications, Inc. (0.06%)		Preferred Stock		250	250
Total Rivulet Communications, Inc.				3,572	3,585
Seven Networks, Inc. (2.89%) ⁽⁴⁾	Communications & Networking	Senior Debt			
		Matures April 2010			
		Interest rate Prime + 3.75%	\$ 9,419	9,291	9,291
		Revolving Line of Credit			
	Matures April 2008				
	Interest rate Prime + 3.00%	\$ 2,000	2,000	2,000	
		Preferred Stock Warrants		174	295
Total Seven Networks, Inc.				11,465	11,586
Simpler Networks Corp. (1.01%) ⁽⁴⁾	Communications & Networking	Senior Debt			
		Matures July 2009			
		Interest rate 11.75%	\$ 4,112	4,046	4,046
		Preferred Stock Warrants		160	
Simpler Networks Corp. (0.00%)		Preferred Stock		500	
Total Simpler Networks Corp.				4,706	4,046
Stoke, Inc. (0.57%)	Communications & Networking	Senior Debt			
		Matures August 2010			
		Interest rate 10.55%	\$ 2,250	2,204	2,204
		Preferred Stock Warrants		53	79
Total Stoke, Inc.				2,257	2,283
Tectura Corporation (5.26%) ⁽⁴⁾	Communications & Networking	Senior Debt			
		Matures March 2012			
		Interest rate LIBOR + 6.15%	\$ 9,051	9,007	9,007
		Revolving Line of Credit			
	Matures March 2008				
	Interest rate LIBOR + 5.15%	\$ 12,000	12,000	12,000	
		Preferred Stock Warrants		52	83
Total Tectura Corporation				21,059	21,090
Teleflip, Inc. (0.25%)	Communications & Networking	Senior Debt			
		Matures May 2010			
		Interest rate Prime + 2.75%	\$ 1,000	992	992
		Preferred Stock Warrants		10	9
Total Teleflip, Inc.				1,002	1,001
Wireless Channels, Inc. (3.02%)	Communications & Networking	Senior Debt -Second Lien			
		Matures April 2010			
		Interest rate 9.25%	\$ 11,949	1,719	1,719

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	Senior Debt -Second Lien			
	Matures April 2010			
	Interest rate Prime + 4.25%	\$ 10,118	10,118	10,118
	Preferred Stock Warrants		155	241
Total Wireless Channels, Inc.			11,992	12,078

See notes to consolidated financial statements (unaudited).

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS - (Continued)****December 31, 2007****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Zayo Bandwith, Inc. (6.24%) ⁽⁴⁾	Communications & Networking	Senior Debt -Second Lien Matures April 2013 Interest rate Prime + 3.50%	\$ 25,000	25,000	25,000
Total Zayo Bandwith, Inc.				25,000	25,000
Total Communications & Networking (28.45%)				114,061	114,014
Atrenta, Inc. (0.98%) ⁽⁴⁾	Software	Senior Debt Matures June 2009 Interest rate 11.50%	\$ 3,680	3,638	3,638
		Preferred Stock Warrants		102	220
		Preferred Stock Warrants		34	73
Atrenta, Inc. (0.06%)		Preferred Stock		250	250
Total Atrenta, Inc.				4,024	4,181
Blurb, Inc. (0.63%)	Software	Senior Debt Matures December 2009 Interest rate 9.55%	\$ 2,500	2,482	2,482
		Preferred Stock Warrants		25	44
Total Blurb, Inc.				2,507	2,526
Bullhorn, Inc. (0.25%) ⁽⁴⁾	Software	Senior Debt Matures March 2010 Interest rate Prime + 3.75%	\$ 1,000	959	959
		Preferred Stock Warrants		43	41
Total Bullhorn, Inc.				1,002	1,000
Cittio, Inc. (0.25%)	Software	Senior Debt Matures April 2010 Interest rate 11.00%	\$ 1,000	1,000	1,000
Total Cittio, Inc.				1,000	1,000
Compete, Inc. (0.63%) ⁽⁴⁾	Software	Senior Debt Matures March 2009 Interest rate Prime + 3.50%	\$ 2,409	2,384	2,384
		Preferred Stock Warrants		62	136
Total Compete, Inc.				2,446	2,520
Forescout Technologies, Inc. (0.64%) ⁽⁴⁾	Software	Senior Debt Matures August 2009 Interest rate 11.15%	\$ 1,998	1,970	1,970
		Revolving Line of Credit Matures August 2007 Interest rate Prime + 1.49%	\$ 500	500	500

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		Preferred Stock Warrants		58	76
Total Forescout Technologies, Inc.				2,528	2,546
GameLogic, Inc. (0.74%)(4)	Software	Senior Debt Matures December 2009 Interest rate Prime + 4.125%	\$ 3,000	2,887	2,887
		Preferred Stock Warrants		93	91
Total GameLogic, Inc.				2,980	2,978

See notes to consolidated financial statements (unaudited).

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS - (Continued)****December 31, 2007****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Gomez, Inc. (0.15%) ⁽⁴⁾	Software	Senior Debt Matures December 2007 Interest rate 12.25%	\$ 98	98	98
		Preferred Stock Warrants		35	513
Total Gomez, Inc.				133	611
HighRoads, Inc. (0.01%) ⁽⁴⁾	Software	Preferred Stock Warrants		44	58
Total HighRoads, Inc.				44	58
Intelliden, Inc. (0.60%)	Software	Senior Debt Matures February 2010 Interest rate 13.20%	\$ 2,360	2,349	2,349
		Preferred Stock Warrants		18	60
Total Intelliden, Inc.				2,367	2,409
Oatsystems, Inc. (1.08%) ⁽⁴⁾	Software	Senior Debt Matures September 2009 Interest rate 11.00%	\$ 4,374	4,336	4,336
		Preferred Stock Warrants		67	4
Total Oatsystems, Inc.				4,403	4,340
Proficiency, Inc. (0.38%) ⁽⁴⁾⁽⁶⁾	Software	Senior Debt Matures July 2008 Interest rate 12.00%	\$ 1,500	1,497	1,497
		Preferred Stock Warrants		96	
Proficiency, Inc. (0.19%)		Preferred Stock		2,750	750
Total Proficiency, Inc.				4,343	2,247
PSS Systems, Inc. (0.89%) ⁽⁴⁾	Software	Senior Debt Matures March 2010 Interest rate 10.74%	\$ 3,500	3,463	3,463
		Preferred Stock Warrants		51	86
Total PSS Systems, Inc.				3,514	3,549
Savvion, Inc. (1.62%) ⁽⁴⁾	Software	Senior Debt Matures March 2009 Interest rate Prime + 3.45%	\$ 1,268	1,268	1,268
		Revolving Line of Credit Matures March 2008 Interest rate Prime + 2.00%	\$ 3,000	3,000	3,000
		Revolving Line of Credit Matures March 2008 Interest rate Prime + 3.45%	\$ 1,985	1,985	1,985
		Preferred Stock Warrants		52	243
Total Savvion, Inc.				6,305	6,496

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Sportvision, Inc. (0.01%)	Software	Preferred Stock Warrants	39	50
Total Sportvision, Inc.			39	50

See notes to consolidated financial statements (unaudited).

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS - (Continued)****December 31, 2007****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Talisma Corp. (0.11%)(4)	Software	Preferred Stock Warrants		49	448
Total Talisma Corp.				49	448
WildTangent, Inc. (0.50%)(4)	Software	Senior Debt Matures March 2011 Interest rate 9.65%	\$ 2,000	1,766	1,766
		Preferred Stock Warrants		238	238
Total WildTangent, Inc.				2,004	2,004
Total Software (9.72%)				39,688	38,963
Agami Systems, Inc. (1.30%)(4)	Electronics & Computer	Senior Debt Matures August 2009 Interest rate 11.00%			
	Hardware		\$ 5,103	5,056	5,056
		Preferred Stock Warrants		85	137
Total Agami Systems, Inc.				5,141	5,193
Luminus Devices, Inc. (2.95%)(4)	Electronics & Computer	Senior Debt Matures August 2009 Interest rate 12.50%			
	Hardware		\$ 15,115	11,318	11,318
		Preferred Stock Warrants		183	113
		Preferred Stock Warrants		84	61
		Preferred Stock Warrants		334	334
Total Luminus Devices, Inc.				11,919	11,826
Maxvision Holding, LLC. (2.87%)(4)	Electronics & Computer	Senior Debt Matures May 2012 Interest rate Prime + 5.50%			
	Hardware		\$ 5,012	5,012	5,012
		Senior Debt Matures May 2012 Interest rate Prime + 2.25%	\$ 5,500	5,000	5,000
		Revolving Line of Credit Matures September 2012 Interest rate Prime +2.25%	\$ 972	1,472	1,472
Total Maxvision Holding, LLC				11,484	11,484
NetEffect, Inc. (0.61%)	Electronics &	Senior Debt Matures May 2010	\$ 2,431	2,396	2,396

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	Computer	Interest rate 11.95%		
	Hardware			
		Preferred Stock Warrants	44	50
Total NetEffect, Inc.			2,440	2,446
Shocking Technologies, Inc. (0.02%)	Electronics &			
	Computer			
	Hardware	Preferred Stock Warrants	63	63
Total Shocking Technologies, Inc.			63	63

See notes to consolidated financial statements (unaudited).

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS - (Continued)****December 31, 2007****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
SiCortex, Inc. (2.52%)	Electronics & Computer Hardware	Senior Debt Matures December 2010 Interest rate 10.95%	\$ 10,000	9,861	9,861
		Preferred Stock Warrants		164	230
Total SiCortex, Inc.				10,025	10,091
Spatial Photonics, Inc. (0.93%)(4)	Electronics & Computer Hardware	Senior Debt Matures May 2011 Interest rate 10.75%	\$ 3,751	3,623	3,623
		Preferred Stock Warrants		130	126
Spatial Photonics, Inc. (0.12%)		Preferred Stock		500	500
Total Spatial Photonics Inc.				4,253	4,249
VeriWave, Inc. (1.35%)	Electronics & Computer Hardware	Senior Debt Matures May 2010 Interest rate 10.75%	\$ 4,250	5,340	5,340
		Preferred Stock Warrants		54	85
Total VeriWave, Inc.				5,394	5,425
ViDeOnline Communications, Inc. (0.04%)(4)	Electronics & Computer Hardware				
		Preferred Stock Warrants		298	176
Total ViDeOnline Communications, Inc.				298	176
Total Electronics & Computer Hardware (12.71%)				51,017	50,953
Aegerion Pharmaceuticals, Inc. (2.48%)(4)	Specialty Pharmaceuticals	Senior Debt Matures August 2010 Interest rate Prime + 2.50%	\$ 9,735	9,682	9,682
		Preferred Stock Warrants		70	243
Aegerion Pharmaceuticals, Inc. (0.25%)		Preferred Stock		1,000	1,000
Total Aegerion Pharmaceuticals, Inc.				10,752	10,925
Panacos Pharmaceuticals, Inc. (4.84%)(4)	Specialty	Senior Debt Matures January 2011	\$ 20,000	19,270	19,270

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	Pharmaceuticals	Interest rate 11.20%			
Panacos Pharmaceuticals, Inc. (0.04%)		Common Stock Warrants		876	137
		Common Stock		410	157
Total Panacos Pharmaceuticals, Inc.				20,556	19,564
Quatrx Pharmaceuticals Company (3.60%)(4)	Specialty	Senior Debt Matures January 2010			
	Pharmaceuticals	Interest rate Prime + 3.00%	\$ 14,324	14,214	14,214
		Preferred Stock			
		Warrants		220	193
Quatrx Pharmaceuticals Company (0.19%)		Preferred Stock		750	750
Total Quatrx Pharmaceuticals Company				15,184	15,157
Total Specialty Pharmaceuticals (11.40%)				46,492	45,646

See notes to consolidated financial statements (unaudited).

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS - (Continued)****December 31, 2007****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
BabyUniverse, Inc. (0.05%) ⁽⁴⁾	Consumer & Business Products	Common Stock		267	219
Total BabyUniverse, Inc.				267	219
Market Force Information, Inc. (0.34%) ⁽⁴⁾	Consumer & Business Products	Senior Debt Matures May 2009 Interest rate 10.45%			
			\$ 1,294	1,284	1,284
		Preferred Stock Warrants		23	92
Market Force Information, Inc. (0.12%)		Preferred Stock		500	500
Total Market Force Information, Inc.				1,807	1,876
Wageworks, Inc. (0.12%) ⁽⁴⁾	Consumer & Business Products	Preferred Stock Warrants		252	513
Wageworks, Inc. (0.05%)		Preferred Stock		250	209
Total Wageworks, Inc.				502	722
Total Consumer & Business Products (0.70%)				2,576	2,817
Ageia Technologies, Inc. (1.25%) ⁽⁴⁾	Semiconductors	Senior Debt Matures August 2008 Interest rate 10.25%	\$ 5,047	4,904	4,904
		Convertible Debt		124	124
		Preferred Stock Warrants		99	
Ageia Technologies, Inc. (0.00%)		Preferred Stock		500	
Total Ageia Technologies				5,627	5,028
Custom One Design, Inc. (0.26%)	Semiconductors	Senior Debt Matures September 2010 Interest rate 11.50%	\$ 1,000	984	984
		Common Stock Warrants		18	43
Total Custom One Design, Inc.				1,002	1,027
iWatt Inc. (1.19%) ⁽⁴⁾	Semiconductors	Senior Debt Matures September 2009 Interest rate Prime + 2.75%	\$ 1,457	1,382	1,382

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	Revolving Line of Credit			
	Matures September 2007			
	Interest rate Prime + 1.75%	\$ 3,235	3,235	3,235
	Preferred Stock Warrants		46	101
	Preferred Stock Warrants		51	51
Total iWatt Inc.			4,714	4,769

See notes to consolidated financial statements (unaudited).

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS - (Continued)****December 31, 2007****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
NEXX Systems, Inc. (3.26%) ⁽⁴⁾	Semiconductors	Senior Debt Matures February 2010 Interest rate Prime + 2.75%	\$ 4,557	4,438	4,438
		Revolving Line of Credit Matures December 2009 Interest rate Prime + 1.75%	\$ 5,000	5,000	5,000
		Revolving Line of Credit Matures December 2009 Interest rate Prime + 3.75%	\$ 3,000	3,000	3,000
		Preferred Stock Warrants		165	623
Total NEXX Systems, Inc.				12,603	13,061
Quartics, Inc. (0.09%) ⁽⁴⁾	Semiconductors	Senior Debt Matures August 2010 Interest rate 11.05%	\$ 300	254	254
		Preferred Stock Warrants		53	115
Total Quartics, Inc.				307	369
Solarflare Communications, Inc. (0.19%)	Semiconductors	Senior Debt Matures August 2010 Interest rate 11.75%	\$ 625	553	553
		Preferred Stock Warrants		84	194
Solarflare Communications, Inc. (0.12%)		Preferred Stock		500	500
Total Solarflare Communications, Inc.				1,137	1,247
Total Semiconductors (6.36%)				25,390	25,501
Labopharm USA, Inc. (3.74%) ⁽⁴⁾⁽⁵⁾	Drug Delivery	Senior Debt Matures July 2008 Interest rate 11.95%	\$ 15,000	14,547	14,547
		Preferred Stock Warrants		459	454
Total Labopharm USA, Inc.				15,006	15,001
Transcept Pharmaceuticals, Inc. (1.80%) ⁽⁴⁾	Drug Delivery	Senior Debt Matures October 2009 Interest rate 10.69%	\$ 6,993	6,944	6,944
		Preferred Stock Warrants		36	107
		Preferred Stock Warrants		50	173
Transcept Pharmaceuticals, Inc. (0.13%)		Preferred Stock		500	500
Total Transcept Pharmaceuticals, Inc.				7,530	7,724
Total Drug Delivery (5.67%)				22,536	22,725
BARRX Medical, Inc. (0.19%)	Therapeutic	Preferred Stock		1,500	758

Total BARRX Medical, Inc.

1,500

758

See notes to consolidated financial statements (unaudited).

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS - (Continued)****December 31, 2007****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
EKOS Corporation (1.28%)	Therapeutic	Senior Debt			
		Matures November 2010			
		Interest rate Prime + 2.00%	\$ 5,000	4,707	4,707
		Preferred Stock Warrants		174	281
		Preferred Stock Warrants		153	150
Total EKOS Corporation				5,035	5,138
Gynesonics, Inc. (0.01%) ⁽⁴⁾	Therapeutic	Preferred Stock Warrants		18	40
Gynesonics, Inc. (0.06%)		Preferred Stock		250	250
Total Gynesonics, Inc.				268	290
Novasys Medical, Inc. (1.65%) ⁽⁴⁾	Therapeutic	Senior Debt			
		Matures January 2010			
		Interest rate 9.70%	\$ 6,609	6,609	6,609
Total Novasys Medical, Inc.				6,609	6,609
Power Medical Interventions, Inc. (0.02%)	Therapeutic	Common Stock Warrants		21	58
Total Power Medical Interventions, Inc.				21	58
Total Therapeutic (3.21%)				13,432	12,853
Invoke Solutions, Inc. (0.56%) ⁽⁴⁾	Internet	Senior Debt			
		Matures December 2008			
	Consumer	Interest rate 11.25%			
		& Business Services	\$ 2,187	2,155	2,155
			Preferred Stock Warrants		56
		Preferred Stock Warrants		11	10
Total Invoke Solutions, Inc.				2,222	2,239
Prism Education Group Inc. (0.51%)	Internet	Senior Debt			
		Matures December 2010			
	Consumer	Interest rate 11.25%			
		& Business Services	\$ 2,000	1,964	1,964
		Preferred Stock Warrants		44	67
Total Prism Education Group Inc.				2,008	2,031
RazorGator Interactive Group, Inc. (1.17%) ⁽⁴⁾	Internet	Senior Debt			
		Matures January 2008			
	Consumer	Interest rate 9.95%			
	& Business		\$ 1,134	1,119	1,119

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	Services	Preferred Stock Warrants	13	3,203
		Preferred Stock Warrants	28	362
RazorGator Interactive Group, Inc. (1.23%)		Preferred Stock	1,000	4,935
Total RazorGator Interactive Group, Inc.			2,160	9,619

See notes to consolidated financial statements (unaudited).

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS - (Continued)****December 31, 2007****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Serious USA, Inc. (0.75%)	Internet Consumer & Business Services	Senior Debt			
		Matures February 2011			
		Interest rate Prime + 3.00%	\$ 2,450	2,370	2,370
		Revolving Line of Credit			
		Matures July 2008			
		Interest rate Prime + 2.00%	\$ 654	654	654
		Preferred Stock Warrants		93	5
Total Serious USA, Inc.			3,117	3,029	
Total Internet Consumer & Business Services (4.22%)				9,507	16,918
Lilliputian Systems, Inc. (1.75%) ⁽⁴⁾	Energy	Senior Debt			
		Matures March 2010			
		Interest rate 9.75%	\$ 6,956	6,931	6,931
		Preferred Stock Warrants		48	85
Total Lilliputian Systems, Inc.			6,979	7,016	
Total Energy (1.75%)				6,979	7,016
Active Response Group, Inc. (2.50%)	Information Services	Senior Debt			
		Matures March 2012			
		Interest rate LIBOR + 6.55%	\$ 10,000	9,885	9,885
		Preferred Stock Warrants		92	83
		Common Stock Warrants		46	60
Total Active Response Group, Inc.			10,023	10,028	
Buzznet, Inc. (0.25%)	Information Services	Senior Debt			
		Matures March 2010			
		Interest rate 10.25%	\$ 914	908	908
		Preferred Stock Warrants		9	86
Buzznet, Inc. (0.06%)		Preferred Stock		250	250
Total Buzznet, Inc.			1,167	1,244	
hi5 Networks, Inc. (1.00%)	Information Services	Senior Debt			
		Matures March 2011			
		Interest rate Prime + 2.5%	\$ 3,000	2,789	2,789
		Revolving Line of Credit			
		Matures June 2011			
		Interest rate 7.75%		1,000	1,000
		Preferred Stock Warrants		213	214
Total hi5 Networks, Inc.			4,002	4,003	
Jab Wireless, Inc. (0.78%)	Information Services	Senior Debt			
		Matures March 2012			

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	Interest rate 10.75%	\$ 3,097	2,834	2,834
	Preferred Stock Warrants		264	265
Total Jab Wireless, Inc.			3,098	3,099

See notes to consolidated financial statements (unaudited).

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Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Solutionary, Inc. (1.78%)	Information Services	Senior Debt Matures June 2010 Interest rate LIBOR + 5.50%	\$ 5,528	5,454	5,454
		Revolving Line of Credit Matures June 2010 Interest rate LIBOR + 5.00%	\$ 1,505	1,505	1,505
		Preferred Stock Warrants		94	150
		Preferred Stock Warrants		2	5
Solutionary, Inc. (0.06%)		Preferred Stock		250	250
Total Solutionary, Inc.				7,305	7,364
The Generation Networks, Inc. (4.12%)	Information Services	Senior Debt Matures March 2012 Interest rate Prime + 4.50%	\$ 16,500	16,500	16,500
The Generation Networks, Inc. (0.12%)		Preferred Stock		500	500
Total The Generation Networks, Inc.				17,000	17,000
Wallop Technologies, Inc. (0.06%)	Information Services	Senior Debt Matures March 2010 Interest rate 10.00%	\$ 223	218	218
		Preferred Stock Warrants		7	9
Total Wallop Technologies, Inc.				225	227
Zeta Interactive Corporation (3.74%) ⁽⁴⁾	Information Services	Senior Debt Matures November 2011 Interest rate Prime +2.00%	\$ 15,000	6,828	6,828
		Senior Debt Matures November 2011 Interest rate Prime +3.00%		8,000	8,000
		Preferred Stock Warrants		172	171
Zeta Interactive Corporation (0.12%)		Preferred Stock		500	500
Total Zeta Interactive Corporation				15,500	15,499
Total Information Services (14.59%)				58,320	58,464
Novadaq Technologies, Inc. (0.32%)	Diagnostic	Common Stock		1,626	1,284
Total Novadaq Technologies, Inc.				1,626	1,284
Optiscan Biomedical, Corp. (0.08%) ⁽⁴⁾	Diagnostic	Senior Debt Matures March 2008 Interest rate 15.00%	\$ 271	263	263
		Preferred Stock Warrants		80	47
Optiscan Biomedical, Corp. (0.18%)		Preferred Stock		1,000	722
Total Optiscan Biomedical, Corp.				1,343	1,032

Total Diagnostic (0.58%)	2,969	2,316
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See notes to consolidated financial statements (unaudited).

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS - (Continued)****December 31, 2007****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Guava Technologies, Inc. (1.77%) ⁽⁴⁾	Biotechnology Tools	Senior Debt			
		Matures July 2009			
		Interest rate Prime + 3.25%	\$ 4,076	4,790	4,790
		Convertible Debt		250	250
		Revolving Line of Credit			
		Matures December 2007			
		Interest rate Prime + 2.00%	\$ 2,598	1,778	1,778
		Preferred Stock Warrants		105	200
		Preferred Stock Warrants		69	93
Total Guava Technologies, Inc.				6,992	7,111
NuGEN Technologies, Inc. (0.53%)	Biotechnology Tools	Senior Debt			
		Matures March 2010			
		Interest rate 11.70%	\$ 1,884	1,819	1,819
		Preferred Stock Warrants		45	252
		Preferred Stock Warrants		32	32
NuGEN Technologies, Inc. (0.12%)		Preferred Stock		500	500
Total NuGEN Technologies, Inc.				2,396	2,603
Total Biotechnology Tools (2.42%)				9,388	9,714
Rubicon Technology Inc. (0.69%) ⁽⁴⁾	Advanced Specialty Materials & Chemicals	Preferred Stock Warrants		82	2,764
Total Rubicon Technology Inc.				82	2,764
Total Advanced Specialty Materials & Chemicals (0.69%)				82	2,764
Crux Biomedical, Inc. (0.15%)	Surgical Devices	Senior Debt			
		Matures December 2010			
		Interest rate Prime + 3.375%	\$ 600	565	565
		Preferred Stock Warrants		37	36
Crux Biomedical, Inc. (0.06%)		Preferred Stock		250	250
Total Crux Biomedical, Inc.				852	851
Diomed Holdings, Inc. (1.49%) ⁽⁴⁾	Surgical Devices	Senior Debt			
		Matures July 2010			
		Interest rate Prime + 3.00%	\$ 6,000	5,962	5,962
		Common Stock Warrants		43	8
Total Diomed Holdings, Inc.				6,005	5,970
Light Science Oncology, Inc. (2.50%)	Surgical Devices	Senior Debt			
		Matures July 2011			
		Interest rate 11.20%	\$ 10,000	9,605	9,605

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	Preferred Stock Warrants	395	395
Total Light Science Oncology, Inc.		10,000	10,000
Total Surgical Devices (4.20%)		16,857	16,821

See notes to consolidated financial statements (unaudited).

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS - (Continued)****December 31, 2007****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Waterfront Media Inc. (1.54%) ⁽⁴⁾	Media/Content/ Info	Senior Debt Matures December 2010 Interest rate Prime + 3.00%	\$ 3,941	3,898	3,898
		Revolving Line of Credit Matures March 2008 Interest rate Prime + 1.25%	\$ 2,000	2,000	2,000
		Preferred Stock Warrants		60	295
Waterfront Media Inc. (0.25%)		Preferred Stock		1,000	1,000
Total Waterfront Media Inc.				6,958	7,193
Total Media/Content/Info (1.79%)				6,958	7,193
Total Investments (132.24%)				\$ 519,450	\$ 529,972

* 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 appreciation for federal income tax purposes totaled \$16,430, \$9,009 and \$7,421, respectively. The tax cost of investments is \$522,551.
- (3) Except for warrants in ten publicly traded companies and common stock in four publicly traded companies, all investments are restricted at December 31, 2007 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 and warrant investments of this portfolio company have been pledged as collateral under the Credit Facility. Citigroup has an equity participation right on loans collateralized under the Credit Facility. The value of their participation right on unrealized gains in the related equity investments was approximately \$690,000 at December 31, 2007 and is included in accrued liabilities and reduces the unrealized gain recognized by the Company at December 31, 2007.
- (5) Non-U.S. company or the company's principal place of business is outside the United States.
- (6) Affiliate investment that is defined under the Investment Company Act of 1940 as companies in which HTGC owns at least 5% but not more than 25% of the voting securities of the company. All other investments are less than 5% owned.

See notes to consolidated financial statements (unaudited).

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED STATEMENT OF OPERATIONS****(unaudited)****(In thousands, except per share data)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Investment income:				
Interest	\$ 16,081	\$ 11,792	\$ 30,320	\$ 20,828
Fees	2,941	1,483	4,302	2,126
Total investment income	19,022	13,275	34,622	22,954
Operating expenses:				
Interest	2,914	1,763	4,765	2,449
Loan fees	564	250	946	517
General and administrative	2,211	1,714	3,385	3,022
Employee Compensation:				
Compensation and benefits	2,854	2,015	5,653	3,955
Stock-based compensation	507	293	901	546
Total employee compensation	3,361	2,308	6,554	4,501
Total operating expenses	9,050	6,035	15,650	10,489
Net investment income	9,972	7,240	18,972	12,465
Net realized gain (loss) on investments	1,909	(336)	4,867	(46)
Net (decrease) increase in unrealized appreciation on investments	(3,523)	1,366	(4,444)	2,182
Net realized and unrealized gain (loss)	(1,614)	1,030	423	2,136
Net increase in net assets resulting from operations	\$ 8,358	\$ 8,270	\$ 19,395	\$ 14,601
Net investment income before investment gains and losses per common share:				
Basic	\$ 0.30	\$ 0.29	\$ 0.58	\$ 0.52
Diluted	\$ 0.30	\$ 0.29	\$ 0.58	\$ 0.51
Change in net assets per common share:				
Basic	\$ 0.25	\$ 0.33	\$ 0.59	\$ 0.61
Diluted	\$ 0.25	\$ 0.33	\$ 0.59	\$ 0.60
Weighted average shares outstanding				
Basic	32,832	25,190	32,731	24,037
Diluted	32,832	25,401	32,731	24,248

See notes to consolidated financial statements (unaudited).

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**

(unaudited)

(in thousands)

	Common Stock		Capital in excess of par value	Deferred Compensation	Unrealized Appreciation	Accumulated Realized Gains (Losses) on Investments	Distributions in Excess of Investment Income	Provision for Income Taxes on Investment Gains	Net Assets
	Shares	Value							
Balance at December 31, 2006	21,927	\$ 22	\$ 257,235	\$	\$ 2,861	\$ (1972)	\$ (2733)	\$	\$ 255,413
Net increase net assets resulting from operations					2,182	(46)	12,465		14,601
Issuance of common stock	23		326						326
Issuance of common stock in public offering overallotment exercise	10,040	10	128,469						128,479
Issuance of common stock from warrant exercises	256		2,707						2,707
Issuance of common stock under dividend reinvestment plan	125		1,778						1,778
Dividends declared							(13,826)		(13,826)
Conversion to a regulated investment company and other tax items									
Stock-based compensation			546						546
Balance at June 30, 2007	32,371	\$ 32	\$ 391,061	\$	\$ 5,043	\$ (2,018)	\$ (4,094)	\$	\$ 390,024
Balance at December 31, 2007	32,541	\$ 33	\$ 393,530	\$ (78)	\$ 10,129	\$ 819	\$ (3,557)	\$ (139)	\$ 400,737
Net increase in net assets resulting from operations					(4,444)	4,867	18,972		19,395
Issuance of common stock	3		28						28
Issuance of common stock from exercise of warrants	88		933						933
Issuance of common stock under restricted stock plan	205		2,495	(2,495)					
Dividends declared							(20,927)		(20,927)
Stock-based compensation			684	232					916
Balance at June 30, 2008	32,837	\$ 33	\$ 397,670	\$ (2,341)	\$ 5,685	\$ 5,686	\$ (5,512)	\$ (139)	\$ 401,082

See notes to consolidated financial statements (unaudited).

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED STATEMENT OF CASH FLOWS****(unaudited)****(in thousands)**

	Six Months Ended June 30,	
	2008	2007
Cash flows from operating activities:		
Net increase in net assets resulting from operations	\$ 19,395	\$ 14,601
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in and provided by operating activities:		
Purchase of investments	(197,722)	(180,686)
Principal payments received on investments	123,087	49,989
Proceeds from sale of investments	6,445	873
Net unrealized appreciation (depreciation) on investments	4,444	(2,407)
Net unrealized appreciation on investments due to lender	(247)	225
Net realized gain on investments	(4,867)	46
Warrant values for loans not funded		(164)
Accretion of paid-in-kind principal	(387)	
Accretion of loan discounts	(2,782)	(1,107)
Accretion of loan exit fees	(275)	(676)
Depreciation	131	100
Stock-based compensation	684	546
Amortization of restricted stock	232	
Common stock issued in lieu of Director compensation	28	326
Amortization of deferred loan origination revenue	(2,579)	(1,483)
Change in operating assets and liabilities:		
Interest receivable	(1,249)	(1,352)
Prepaid expenses and other assets	544	(622)
Income tax receivable		29
Accounts payable	685	(5)
Income tax payable	(121)	
Accrued liabilities	(80)	(952)
Deferred loan origination revenue	3,882	2,971
Net cash used in operating activities	(50,730)	(119,748)
Cash flows from investing activities:		
Purchases of capital equipment	(506)	(131)
Other long-term assets	(134)	269
Net cash provided by (used in) investing activities	(640)	138
Cash flows from financing activities:		
Proceeds from issuance of common stock, net	933	131,186
Dividends paid	(20,927)	(12,048)
Borrowings of credit facilities	173,700	124,000
Repayments of credit facilities	(94,000)	(131,300)
Fees paid for credit facilities and debentures	(2,319)	(1,166)
Net cash provided by financing activities	57,387	110,672
Net increase in cash	5,995	(8,938)

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Cash and cash equivalents at beginning of period	7,856	16,404
Cash and cash equivalents at end of period	\$ 13,851	\$ 7,466

See notes to consolidated financial statements (unaudited).

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

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 that provides debt and equity growth capital to technology-related and life-science companies at all stages of development from seed and emerging growth to expansion and established stages of development, including expanding into select publicly listed companies and lower middle market companies. The Company sources its investments through its principal office located in Silicon Valley, as well as through its additional offices in the Boston, Massachusetts, Boulder, Colorado, Chicago, Illinois and San Diego, California areas. The Company was incorporated under the General Corporation Law of the State of Maryland in December 2003. The Company commenced operations on February 2, 2004 and commenced investment activities in September 2004.

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).