Hercules Capital, Inc.
Form 497
September 20, 2018
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Filed Pursuant to Rule 497
Registration No. 333-224281

PROSPECTUS SUPPLEMENT

(To prospectus dated June 5, 2018)

$40,000,000

6.25% Notes due 2033

We are an internally-managed, non-diversified, closed-end investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940, as amended, or the 1940 Act. Our investment objective is to maximize our portfolio s total return by generating current income from our debt investments and capital appreciation from our warrant and equity-related investments.

We are offering $40,000,000 in aggregate principal amount of 6.25% notes due 2033, or the Notes. The Notes will mature on October 30, 2033. We will pay interest quarterly on the Notes on January 30, April 30, July 30 and October 30 of each year, beginning on October 30, 2018. We may redeem the Notes in whole or in part at any time or from time to time, at the redemption price set forth under Specific Terms of the Notes and the Offering Optional Redemption in this prospectus supplement. The Notes will be issued in minimum denominations of $25 and integral multiples of $25 in excess thereof.

The Notes will be our direct unsecured obligations and rank *pari passu*, or equally in right of payment, with all outstanding and future unsecured unsubordinated indebtedness issued by Hercules Capital, Inc.

We intend to apply to list the Notes on the New York Stock Exchange, or the NYSE, and we expect trading in the Notes on the NYSE to begin within 30 days of the original issue date under the symbol HCXY. The Notes are expected to trade flat, which means that purchasers will not pay, and sellers will not receive, any accrued and unpaid interest on the Notes that is not reflected in the trading price. Currently, there is no public market for the Notes.

An investment in the Notes involves risks that are described in the Supplementary Risk Factors section beginning on page S-14 in this prospectus supplement and the Risk Factors section beginning on page 14 of the accompanying prospectus.

This prospectus supplement and the accompanying prospectus contain important information you should know before investing in the Notes. Please read this prospectus supplement and the accompanying prospectus before investing and keep it for future reference. We file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission, or the SEC. This information is available free of charge by contacting us at 400 Hamilton Avenue, Suite 310, Palo Alto, California 94301, or by telephone by calling collect at (650) 289-3060 or on our website at www.htgc.com. The information on the websites referred to herein is not incorporated by reference into this prospectus supplement or the accompanying prospectus. The SEC also maintains a website at www.sec.gov that contains information about us.

	Per Note	Total
Public offering price	$ 25.0000	$ 40,000,000
Sales load (underwriting discounts and commissions)(1)	$ 0.7808	$ 1,249,250
Proceeds to us (before expenses)(2)	$ 24.2192	$ 38,750,750

(1) Reflects an underwriting discount that may vary between sales to retail investors and sales to institutional investors.
(2) Before deducting expenses payable by us related to this offering, estimated at $375,000. See Underwriting in this prospectus supplement for complete details of underwriters compensation.

The underwriters may also purchase up to an additional $6,000,000 total aggregate principal amount of Notes offered hereby, solely to cover overallotments, if any, within 30 days of the date of this prospectus supplement. If the underwriters exercise this option in full, the total public offering price will be $46,000,000, the total sales load (underwriting discounts and commissions) paid by us will be $1,438,250, and total proceeds, before expenses, will be $44,561,750.

THE NOTES ARE NOT DEPOSITS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Delivery of the Notes in book-entry form only through The Depository Trust Company will be made on or about September 24, 2018.

Joint Book-Running Managers

Keefe, Bruyette & Woods, *A Stifel Company*	**Morgan Stanley**	**UBS Investment Bank**

Lead Manager

Janney Montgomery Scott

Co-Managers

BB&T Capital Markets	**B. Riley FBR**	**Ladenburg Thalmann**	**Compass Point**	**Wedbush Securities**

The date of this prospectus supplement is September 19, 2018.

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You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus supplement and the accompanying prospectus is accurate only as of the date on the front cover of this prospectus supplement or such prospectus, as applicable. Our business, financial condition, results of operations and prospects may have changed since that date.

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering and also adds to and updates information contained in the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information and disclosure. To the extent the information contained in this prospectus supplement differs from the information contained in the accompanying prospectus, the information in this prospectus supplement shall control. You should read this prospectus supplement and the accompanying prospectus together with the additional information described under the heading, Available Information before investing in our Notes.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights some of the information in this prospectus supplement and may not contain all of the information that is important to you. For a more complete understanding of this offering, we encourage you to read this entire prospectus supplement and the accompanying prospectus and the documents that are referenced in this prospectus supplement and the accompanying prospectus, together with any accompanying supplements. In this prospectus supplement and the accompanying prospectus, unless the context otherwise requires, the Company, Hercules, HTGC, we, us and our refer to Hercules Capital, Inc. and its wholly-owned subsidiaries and its affiliated securitization trusts.

Our Company

We are a specialty finance company focused on providing senior secured loans to high-growth, innovative venture capital-backed companies in a variety of technology, life sciences, and sustainable and renewable technology industries. Our investment objective is to maximize our portfolio s total return by generating current income from our debt investments and capital appreciation from our warrant and equity-related investments. We are an internally-managed, non-diversified, closed-end investment company that has elected to be regulated as a business development company under the 1940 Act. Effective January 1, 2006, we elected to be treated for tax purposes as a regulated investment company, or RIC, under the Internal Revenue Code of 1986, as amended, or the Code.

As of June 30, 2018, our total assets were approximately $1.8 billion, of which our investments comprised $1.7 billion at fair value and $1.8 billion at cost. Since inception through June 30, 2018, we have made debt and equity commitments of more than $8.0 billion to our portfolio companies.

We also make investments in qualifying small businesses through our two wholly-owned small business investment companies, or SBICs. Our SBIC subsidiaries, Hercules Technology II, L.P., or HT II, and Hercules Technology III, L.P., or HT III, hold approximately $115.4 million and $294.8 million in assets, respectively, and accounted for approximately 5.2% and 13.4% of our total assets, respectively, prior to consolidation at June 30, 2018. At June 30, 2018, we have issued $190.2 million in Small Business Administration, or SBA, guaranteed debentures in our SBIC subsidiaries. See Regulation Small Business Administration Regulations in the accompanying prospectus for additional information regarding our SBIC subsidiaries.

As of June 30, 2018, our investment professionals, including Manuel A. Henriquez, our co-founder, Chairman, President and Chief Executive Officer, are currently comprised of 35 professionals who have, on average, more than 15 years of experience in venture capital, structured finance, commercial lending or acquisition finance with the types of technology-related companies that we are targeting. We believe that we can leverage the experience and relationships of our management team to successfully identify attractive investment opportunities, underwrite prospective portfolio companies and structure customized financing solutions.

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Organizational Chart

The following chart summarizes our organizational structure as of September 13, 2018. This chart is provided for illustrative purposes only.

Our Market Opportunity

We believe that technology-related companies compete in one of the largest and most rapidly growing sectors of the U.S. economy and that continued growth is supported by ongoing innovation and performance improvements in technology products as well as the adoption of technology across virtually all industries in response to competitive pressures. We believe that an attractive market opportunity exists for a specialty finance company focused primarily on investments in structured debt with warrants in technology-related companies for the following reasons:

- technology-related companies have generally been underserved by traditional lending sources;
- unfulfilled demand exists for structured debt financing to technology-related companies due to the complexity of evaluating risk in these investments; and
- structured debt with warrants products are less dilutive and complement equity financing from venture capital and private equity funds.

Technology-Related Companies are Underserved by Traditional Lenders. We believe many viable technology-related companies backed by financial sponsors have been unable to obtain sufficient growth financing from traditional lenders, including financial services companies such as commercial banks and finance

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companies because traditional lenders have continued to consolidate and have adopted a more risk-averse approach to lending. More importantly, we believe traditional lenders are typically unable to underwrite the risk associated with these companies effectively.

The unique cash flow characteristics of many technology-related companies typically include significant research and development expenditures and high projected revenue growth thus often making such companies difficult to evaluate from a credit perspective. In addition, the balance sheets of these companies often include a disproportionately large amount of intellectual property assets, which can be difficult to value. Finally, the speed of innovation in technology and rapid shifts in consumer demand and market share add to the difficulty in evaluating technology-related companies.

Due to the difficulties described above, we believe traditional lenders generally refrain from entering the structured debt financing marketplace, instead preferring the risk-reward profile of asset-based lending. Traditional lenders generally do not have flexible product offerings that meet the needs of technology-related companies. The financing products offered by traditional lenders typically impose on borrowers many restrictive covenants and conditions, including limiting cash outflows and requiring a significant depository relationship to facilitate rapid liquidation.

Unfulfilled Demand for Structured Debt Financing to Technology-Related Companies. Private debt capital in the form of structured debt financing from specialty finance companies continues to be an important source of funding for technology-related companies. We believe that the level of demand for structured debt financing is a function of the level of annual venture equity investment activity.

We believe that demand for structured debt financing is currently underserved. The venture capital market for the technology-related companies in which we invest has been active. Therefore, to the extent we have capital available, we believe this is an opportune time to be active in the structured lending market for technology-related companies.

Structured Debt with Warrants Products Complement Equity Financing From Venture Capital and Private Equity Funds. We believe that technology-related companies and their financial sponsors will continue to view structured debt securities as an attractive source of capital because it augments the capital provided by venture capital and private equity funds. We believe that our structured debt with warrants products provide access to growth capital that otherwise may only be available through incremental investments by existing equity investors. As such, we provide portfolio companies and their financial sponsors with an opportunity to diversify their capital sources. Generally, we believe many technology-related companies at all stages of development target a portion of their capital to be debt in an attempt to achieve a higher valuation through internal growth. In addition, because financial sponsor-backed companies have reached a more mature stage prior to reaching a liquidity event, we believe our investments could provide the debt capital needed to grow or recapitalize during the extended period sometimes required prior to liquidity events.

Our Business Strategy

Our strategy to achieve our investment objective includes the following key elements:

Leverage the Experience and Industry Relationships of Our Management Team and Investment Professionals. We have assembled a team of experienced investment professionals with extensive experience as venture capitalists, commercial lenders, and originators of structured debt and equity investments in technology-related companies.

Mitigate Risk of Principal Loss and Build a Portfolio of Equity-Related Securities. We expect that our investments have the potential to produce attractive risk-adjusted returns through current income, in the form of

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interest and fee income, as well as capital appreciation from warrant and equity-related securities. We believe that we can mitigate the risk of loss on our debt investments through the combination of loan principal amortization, cash interest payments, relatively short maturities (typically between 24 48 months), security interests in the assets of our portfolio companies, and on select investment covenants requiring prospective portfolio companies to have certain amounts of available cash at the time of our investment and the continued support from a venture capital or private equity firm at the time we make our investment.

Provide Customized Financing Complementary to Financial Sponsors Capital. We offer a broad range of investment structures and possess expertise and experience to effectively structure and price investments in technology-related companies.

Invest at Various Stages of Development. We provide growth capital to technology-related companies at all stages of development, including select publicly listed companies and select special opportunity lower middle market companies that require additional capital to fund acquisitions, recapitalizations and refinancings and established-stage companies.

Benefit from Our Efficient Organizational Structure. We believe that the perpetual nature of our corporate structure enables us to be a long-term partner for our portfolio companies in contrast to traditional investment funds, which typically have a limited life. In addition, because of our access to the equity markets, we believe that we may benefit from a lower cost of capital than that available to private investment funds.

Deal Sourcing Through Our Proprietary Database. We have developed a proprietary and comprehensive structured query language-based database system to track various aspects of our investment process including sourcing, originations, transaction monitoring and post-investment performance.

Recent Developments

Reduced Asset Coverage Requirements

The Small Business Credit Availability Act, or the SBCAA, which was signed into law in March 2018, decreased the minimum asset coverage ratio in Section 61(a) of the 1940 Act for business development companies from 200% to 150% (subject to either stockholder approval or approval of both a majority of the board of directors and a majority of directors who are not interested persons). On September 4, 2018, our Board of Directors, including a required majority (as such term is defined in Section 57(o) of the 1940 Act), approved the application to us of the 150% minimum asset coverage ratio set forth in Section 61(a)(2) of the 1940 Act. As a result, the minimum asset coverage ratio applicable to us will be reduced from 200% to 150%, effective as of September 4, 2019, unless approved earlier by a vote of our stockholders, in which case the 150% minimum asset coverage ratio will be effective on the day after such approval. Our Board of Directors also authorized the submission of a proposal for stockholders to accelerate the application of the 150% minimum asset coverage ratio to us at a special meeting of stockholders. As a result of our Board of Director s approval, effective as of September 4, 2019 (or earlier if our stockholders approve the proposal to accelerate the application of the reduced asset coverage requirements to us), we will be able to incur additional indebtedness and, therefore, your risk of an investment in us may increase. In connection with the change in minimum coverage ratio, S&P Global Ratings (S&P) lowered our rating to a non-investment grade rating, and we terminated our ratings agreement with S&P. On September 6, 2018, DBRS, Inc. assigned us an investment grade rating. Other rating agencies may also decide to review our credit ratings and those of other business development companies in light of this new law as well as any corresponding changes to asset coverage ratios and consider downgrading such ratings, including a downgrade from an investment grade rating to a non-investment grade rating. Such a downgrade in our credit ratings may adversely affect our securities. See Supplementary Risk Factors Risks Related to the Notes A downgrade, suspension or withdrawal of a credit rating assigned by a rating agency to us or our unsecured debt, if any, or change in the debt markets could cause

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the liquidity or market value of the Notes to decline significantly in this prospectus supplement and Risk Factors Risks Related to Our Securities A downgrade, suspension or withdrawal of the credit rating assigned by a rating agency to us or our debt securities, if any, or change in the debt markets could cause the liquidity or market value of our debt securities to decline significantly in the accompanying prospectus.

Distribution Declaration

On July 25, 2018, our Board of Directors declared a cash distribution of $0.31 per share, which was paid on August 20, 2018 to stockholders of record as of August 13, 2018. This distribution represents our fifty-second consecutive distribution since our initial public offering, bringing the total cumulative distribution to date to $14.64 per share.

Closed and Pending Commitments

As of September 13, 2018, we have:

Closed debt and equity commitments of approximately $169.8 million to new and existing portfolio companies and funded approximately $109.5 million subsequent to June 30, 2018.

Pending commitments (signed non-binding term sheets) of approximately $82.7 million.

The table below summarizes our year-to-date closed and pending commitments as follows:

Closed Commitments and Pending Commitments (in millions)	
January 1 June 30, 2018 Closed Commitments	$ 728.7
July 1 September 13, 2018 Closed Commitments[(a)]	$ 169.8
Pending Commitments (as of September 13, 2018)[(b)]	$ 82.7
Closed and Pending Commitments as of September 13, 2018	$ 981.2

a. Closed Commitments may include renewals of existing credit facilities. Not all Closed Commitments result in future cash requirements. Commitments generally fund over the two succeeding quarters from close.
b. Not all pending commitments (signed non-binding term sheets) are expected to close and they do not necessarily represent any future cash requirements.

ATM Equity Program Issuances

Subsequent to June 30, 2018 and as of September 13, 2018, we sold 2.2 million shares of common stock for total accumulated net proceeds of approximately $28.6 million, including $229,000 of offering expenses, under our at-the-market, or ATM, equity distribution agreement, dated September 8, 2017, or the Equity Distribution Agreement, with JMP Securities LLC, or JMP. As of September 13, 2018, approximately 5.6 million shares remain available for issuance and sale under the Equity Distribution Agreement.

Hercules Technology II Debentures Full Redemption

On July 13, 2018, we completed repayment of the $41.2 million of outstanding HT II debentures.

Amendment to Wells Facility

On July 31, 2018, we entered into a further amendment to the $120.0 million revolving senior credit facility with Wells Fargo Capital Finance, LLC (the Wells Facility) to extend the maturity date and fully repay the pro-rata portion of outstanding balances of Alostar Bank of Commerce and Everbank Commercial Finance Inc., thereby resigning both as lenders and terminating their commitments thereunder.

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Departure of Officer

On August 16, 2018, Gerard R. Waldt, Jr., Controller and Interim Chief Accounting Officer, tendered his resignation from the Company. Mr. Waldt s resignation was not a result of any disagreement with the Company on any matter relating to the Company s operations, policies or practices. David Lund, the Company s current Interim Chief Financial Officer, assumed the duties of Interim Chief Accounting Officer effective as of August 23, 2018. The resignation of Mr. Waldt was effective on September 7, 2018.

Portfolio Company Developments

As of September 13, 2018, we held warrants or equity positions in two companies that have filed registration statements on Form S-1 with the SEC in contemplation of potential initial public offerings. Both companies filed confidentially under the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). There can be no assurance that companies that have yet to complete their initial public offerings will do so in a timely manner or at all. Subsequent to June 30, 2018 and as of September 13, 2018, there were two companies that announced or completed liquidity events.

1. In August 2018, our portfolio company NuGEN Technologies, Inc., a leading provider for innovative next-generation sequencing kits and genomic sample preparation solutions for the fastest growing field within the genomics area, was acquired by the Tecan Group (SIX Swiss Exchange: TECN), a leading global provider of laboratory instruments and solutions in biopharmaceuticals, forensics and clinical diagnostics. Terms of the acquisition were not disclosed.

2. In August 2018, our portfolio company Avnera Corporation, a fabless semiconductor firm making custom Analog System-on-Chip (ASoC) solutions for audio, voice, speech, sensor and artificial intelligence (AI) applications, was acquired by Skyworks Solutions, Inc. (NASDAQ: SWKS), an innovator of high-performance analog semiconductors connecting people, places and things. Skyworks paid $405.0 million in cash to Avnera equity holders at closing with up to an additional $20.0 million to be paid if certain performance targets are exceeded over a 12-month period post-closing period.

Corporate Information

Our principal executive offices are located at 400 Hamilton Avenue, Suite 310, Palo Alto, California 94301, and our telephone number is (650) 289-3060. We also have offices in Boston, MA, New York, NY, Washington, DC, Hartford, CT, Reston, VA, and San Diego, CA. We maintain a website on the Internet at www.htgc.com. We make available, free of charge, on our website our proxy statement, annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus, and you should not consider that information to be part of this prospectus supplement or the accompanying prospectus.

We file annual, quarterly and current periodic reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934, as amended, or the Exchange Act. This information is available at the SEC s public reference room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information about the operation of the SEC s public reference room by calling the SEC at (202) 551-8090. In addition, the SEC maintains an Internet website, at www.sec.gov, that contains reports, proxy and information statements, and other information regarding issuers, including us, who file documents electronically with the SEC.

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SPECIFIC TERMS OF THE NOTES AND THE OFFERING

This prospectus supplement sets forth certain terms of the Notes that we are offering pursuant to this prospectus supplement and supplements the accompanying prospectus that is attached to the back of this prospectus supplement. This section outlines the specific legal and financial terms of the Notes. You should read this section together with the more general description of the Notes in the accompanying prospectus under the heading Description of Our Debt Securities before investing in the Notes. Capitalized terms used in this prospectus supplement and not otherwise defined shall have the meanings ascribed to them in the accompanying prospectus or in the indenture governing the Notes (as amended from time to time, the indenture).

Issuer	Hercules Capital, Inc.
Title of the securities	6.25% Notes due 2033
Aggregate principal amount being offered	$40,000,000
Overallotment option	The underwriters may also purchase from us up to an additional $6,000,000 aggregate principal amount of Notes solely to cover overallotments, if any, within 30 days of the date of this prospectus supplement.
Initial public offering price	100% of the aggregate principal amount.
Principal payable at maturity	100% of the aggregate principal amount; the principal amount of each Note will be payable on its stated maturity date at the office of the Trustee in The City of New York or at such other office designated by the Trustee.
Type of Note	Fixed rate note
Listing	We intend to apply to list the Notes on the New York Stock Exchange within 30 days of the original issue date under the symbol HCXY.
Interest rate	6.25% per year

Day count basis	360-day year of twelve 30-day months
Original issue date of the Notes	September 24, 2018
Stated maturity date	October 30, 2033
Date interest starts accruing on the Notes	September 24, 2018
Interest payment dates for the Notes	Each January 30, April 30, July 30 and October 30, commencing October 30, 2018. If an interest payment date falls on a non-business day, the applicable interest payment will be made on the next business day and no additional interest will accrue as a result of such delayed payment.

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Interest periods for the Notes	The initial interest period will be the period from and including September 24, 2018, to, but excluding, the initial interest payment date, and the subsequent interest periods will be the periods from and including an interest payment date to, but excluding, the next interest payment date or the stated maturity date, as the case may be.
Regular record dates for interest	Each January 15, April 15, July 15 and October 15.
Specified currency	U.S. Dollars
Place of payment	New York City or such other office designated by the Trustee
Ranking of Notes	The Notes will be our general unsecured obligations and will rank:

pari passu with our other outstanding and future unsecured indebtedness, including, without limitation, approximately $150.0 million in aggregate principal amount of 4.625% notes due 2022 (the 2022 Notes), approximately $83.5 million in aggregate principal amount of 6.25% notes due 2024 (the 2024 Notes), approximately $75.0 million in aggregate principal amount of 5.25% notes due 2025 (the 2025 Notes), and approximately $230.0 million in aggregate principal amount of 4.375% convertible notes due 2022 (the 2022 Convertible Notes), each as of June 30, 2018.

senior to any of our future indebtedness that expressly provides it is subordinated to the Notes.

effectively subordinated to all our existing and future secured indebtedness (including indebtedness that is initially unsecured to which we subsequently grant security), to the extent of the value of the assets securing such indebtedness.

structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, including, without limitation, the indebtedness of HT II and HT III, borrowings under the Wells Facility, borrowings under the $100.0 million revolving senior secured credit facility with MUFG Union Bank, N.A. (the Union Bank Facility , and together with the Wells Facility, the Credit Facilities), and approximately $31.1 million of fixed rate asset-backed notes (the 2021 Asset-Backed Notes), each as of June 30, 2018. Note that there were no borrowings outstanding under the Wells Facility and $58.3 million of borrowings outstanding on the Union Bank Facility as of June 30, 2018.

Denominations	We will issue the Notes in denominations of $25 and integral multiples of $25 in excess thereof.
Business day	Each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in New York City, or in such other place of payment designated by the Trustee, are authorized or required by law or executive order to close.

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Optional redemption	We may redeem in whole or in part at any time, or from time to time, at our option on or after October 30, 2023 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.
	You may be prevented from exchanging or transferring the Notes when they are subject to redemption. In case any Notes are to be redeemed in part only, the redemption notice will provide that, upon surrender of such Note, you will receive, without a charge, a new Note or Notes of authorized denominations representing the principal amount of your remaining unredeemed Notes. Any exercise of our option to redeem the Notes will be done in compliance with the indenture and the 1940 Act.
	If we redeem only some of the Notes, the Trustee or The Depository Trust Company, or DTC, as applicable, will determine the method for selection of the particular Notes to be redeemed, in accordance with the indenture and the 1940 Act, in each case, to the extent applicable. Unless we default in payment of the redemption price, on and after the date of redemption, interest will cease to accrue on the Notes called for redemption.
Sinking fund	The Notes will not be subject to any sinking fund.
Repayment at option of Holders	Holders will not have the option to have the Notes repaid prior to the stated maturity date.
Defeasance and covenant defeasance	The Notes are subject to defeasance by us.
	The Notes are subject to covenant defeasance by us.
Form of Notes	The Notes will be represented by global securities that will be deposited and registered in the name of DTC or its nominee. Except in limited circumstances, you will not receive certificates for the Notes. Beneficial interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the

	Notes through either DTC, if they are a participant, or indirectly through organizations which are participants in DTC.
Trustee, Paying Agent and Security Registrar	U.S. Bank National Association
Other covenants	In addition to the covenants described in the prospectus attached to this prospectus supplement, the following covenants shall apply to the Notes:
	We agree that for the period of time during which the Notes are outstanding, we will not violate Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act or any successor provisions,

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whether or not we continue to be subject to such provisions of the 1940 Act, but giving effect to any exemptive relief granted to us by the SEC. Currently, these provisions generally prohibit us from making additional borrowings, including through the issuance of additional debt or the sale of additional debt securities, unless our asset coverage, as defined in the 1940 Act, equals at least 200% through September 4, 2019 and 150% thereafter (or earlier if our stockholders approve the proposal to accelerate the application of the reduced asset coverage requirements to us) after such borrowings. See Risk Factors Risks Related to our Business Structure Recently passed legislation may allow us to incur additional leverage in the accompanying prospectus.

We agree that for the period of time during which the Notes are outstanding, we will not violate Section 18(a)(1)(B) as modified by Section 61(a)(1) of the 1940 Act or any successor provisions, giving effect to (i) any exemptive relief granted to us by the SEC and (ii) no-action relief granted by the SEC to another business development company (or to us if we determine to seek such similar no-action or other relief) permitting the business development company to declare any cash dividend or distribution notwithstanding the prohibition contained in Section 18(a)(1)(B) as modified by Section 61(a)(1) of the 1940 Act in order to maintain the business development company s status as a RIC under Subchapter M of the Code. Currently, these provisions generally prohibit us from declaring any cash dividend or distribution upon any class of our capital stock, or purchasing any such capital stock if our asset coverage, as defined in the 1940 Act, is below 200% through September 4, 2019 and 150% thereafter (or earlier if our stockholders approve the proposal to accelerate the application of the reduced asset coverage requirements to us) at the time of the declaration of the dividend or distribution or the purchase and after deducting the amount of such dividend, distribution or purchase. See Risk Factors Risks Related to our Business Structure Recently passed legislation may allow us to incur additional leverage in the accompanying prospectus.

If, at any time, we are not subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act to file any periodic reports with the SEC, we agree to furnish to holders of the Notes and the Trustee, for the period of time during which the Notes are outstanding, our audited annual consolidated financial statements, within 90 days of our fiscal year end, and unaudited interim consolidated financial statements, within 45 days of our fiscal quarter end (other than our fourth fiscal quarter). All such financial statements will be prepared, in all material respects, in accordance with applicable United States generally accepted accounting principles, as applicable (U.S. GAAP).

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Modifications to events of default	The following events of default, as described in the prospectus attached to this prospectus supplement: We do not pay the principal of, or any premium on, a debt security of the series on its due date, and do not cure this default within five days. On the last business day of each of 24 consecutive calendar months, we have an asset coverage of less than 100%. with respect to the Notes has been revised to read as follows: We do not pay the principal of, or any premium on, any Note on its due date. On the last business day of each of 24 consecutive calendar months, we have an asset coverage of less than 100%, giving effect to any exemptive relief granted to us by the SEC.
Global Clearance and Settlement Procedures	Interests in the Notes will trade in DTC s Same Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. None of the issuer, the Trustee or the paying agent will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.
Further issuances	We have the ability to issue additional debt securities under the indenture with terms different from the Notes and, without the consent of the holders thereof, to reopen the Notes and issue additional Notes.
Use of Proceeds	We estimate that the net proceeds we receive from the sale of the $40.0 million aggregate principal amount of Notes in this offering will be approximately $38.4 million after deducting the underwriting discount of approximately $1.2 million payable by us and estimated offering expenses of approximately $375,000 payable by us. We expect to use the net proceeds from this offering (i) to fund investments in debt and equity securities in accordance with our investment objective, (ii) to make acquisitions, (iii) to retire certain debt obligations (which may include the

	2024 Notes), and (iv) for other general corporate purposes.
Governing Law	The Notes and the indenture are governed by and construed in accordance with the laws of the State of New York.

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FORWARD-LOOKING STATEMENTS

The matters discussed in this prospectus supplement and the accompanying prospectus, as well as in future oral and written statements by management of Hercules Capital, Inc. that are forward-looking statements are based on current management expectations that involve substantial risks and uncertainties which could cause actual results to differ materially from the results expressed in, or implied by, these forward-looking statements. Forward-looking statements relate to future events or our future financial performance. We generally identify forward-looking statements by terminology such as may, will, should, expects, plans, anticipates, could, intends, target, projects, believes, estimates, predicts, potential or continue or the negative of these terms or other similar expressions. Important assumptions include our ability to originate new investments, achieve certain margins and levels of profitability, the availability of additional capital, and the ability to maintain certain debt to asset ratios. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this prospectus should not be regarded as a representation by us that our plans or objectives will be achieved. The forward-looking statements contained in this prospectus supplement and the accompanying prospectus include statements as to:

- our current and future management structure;
- our future operating results;
- our business prospects and the prospects of our prospective portfolio companies;
- the impact of investments that we expect to make;
- our informal relationships with third parties including in the venture capital industry;
- the expected market for venture capital investments and our addressable market;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- our ability to access debt markets and equity markets;
- the ability of our portfolio companies to achieve their objectives;
- our expected financings and investments;

- our regulatory structure and tax status;
- our ability to operate as a business development company, a SBIC and a RIC;
- the adequacy of our cash resources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the timing, form and amount of any distributions;
- the impact of fluctuations in interest rates on our business;
- the valuation of any investments in portfolio companies, particularly those having no liquid trading market; and
- our ability to recover unrealized losses.

For a discussion of factors that could cause our actual results to differ from forward-looking statements contained in this prospectus supplement and the accompanying prospectus, please see the discussion under Supplementary Risk Factors in this prospectus supplement and Risk Factors in the accompanying prospectus.

You should not place undue reliance on these forward-looking statements. The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made and are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, or the Securities Act. We undertake no obligation to update any forward-looking statement to reflect events or circumstances occurring after the date of this prospectus supplement.

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INDUSTRY AND MARKET DATA

We have compiled certain industry estimates presented in this prospectus supplement and the accompanying prospectus from internally generated information and data. While we believe our estimates are reliable, they have not been verified by any independent sources. The estimates are based on a number of assumptions, including increasing investment in venture capital and private equity-backed companies. Actual results may differ from projections and estimates, and this market may not grow at the rates projected, or at all. If this market fails to grow at projected rates, our business and the market price of our securities, including the Notes, could be materially adversely affected.

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SUPPLEMENTARY RISK FACTORS

Investing in our securities involves a number of significant risks. Before you invest in our securities, you should be aware of various risks, including those described below and those set forth in the accompanying prospectus. You should carefully consider these risk factors, together with all of the other information included in this prospectus supplement and the accompanying prospectus, before you decide whether to make an investment in our securities. The risks set out below and in the accompanying prospectus are not the only risks we face. Additional risks and uncertainties not presently known to us or not presently deemed material by us may also impair our operations and performance. If any of the following events occur, our business, financial condition, results of operations and cash flows could be materially and adversely affected which could materially adversely affect our ability to repay principal and interest on the Notes. In addition, the market price of the Notes and our net asset value (NAV) could decline, and you may lose all or part of your investment. The risk factors described below, together with those set forth in the accompanying prospectus, are the principal risk factors associated with an investment in our securities, including the Notes, as well as those factors generally associated with an investment company with investment objectives, investment policies, capital structure or trading markets similar to ours.

Risks Related to the Notes

The Notes will be unsecured and therefore will be effectively subordinated to any secured indebtedness we have currently incurred or may incur in the future.

The Notes will not be secured by any of our assets or any of the assets of our subsidiaries. As a result, the Notes are effectively subordinated to any secured indebtedness we or our subsidiaries have currently incurred and may incur in the future (or any indebtedness that is initially unsecured to which we subsequently grant security) to the extent of the value of the assets securing such indebtedness. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of any of our existing or future secured indebtedness and the secured indebtedness of our subsidiaries may assert rights against the assets pledged to secure that indebtedness in order to receive full payment of their indebtedness before the assets may be used to pay other creditors, including the holders of the Notes. As of June 30, 2018, we had $58.3 million of borrowings outstanding under our Union Bank Facility, which is secured by debt investments in our portfolio companies and related assets, and no outstanding borrowings under our Wells Facility, which is secured by loans in the borrowing base for the Wells Facility.

The Notes will be structurally subordinated to the indebtedness and other liabilities of our subsidiaries.

The Notes are obligations exclusively of Hercules Capital, Inc. and not of any of our subsidiaries. None of our subsidiaries is a guarantor of the Notes and the Notes are not required to be guaranteed by any subsidiaries we may acquire or create in the future. A significant portion of the indebtedness required to be consolidated on our balance sheet is held through our SBIC subsidiaries. For example, at June 30, 2018, we have issued $190.2 million in SBA-guaranteed debentures in our SBIC subsidiaries. The assets of such subsidiaries are not directly available to satisfy the claims of our creditors, including holders of the Notes. See Management s Discussion and Analysis of Financial Condition and Results of Operations Financial Condition, Liquidity and Capital Resources in this prospectus supplement for more detail on the SBA-guaranteed debentures.

Except to the extent we are a creditor with recognized claims against our subsidiaries, all claims of creditors (including trade creditors), if any, of our subsidiaries will have priority over our equity interests in such subsidiaries (and therefore the claims of our creditors, including holders of the Notes) with respect to the assets of such subsidiaries. Even if we are recognized as a creditor of one or more of our subsidiaries, our claims would still be effectively subordinated to any security interests in the assets of any such subsidiary and to any indebtedness or other liabilities of any such subsidiary senior to our claims. Consequently, the Notes will be structurally subordinated to all indebtedness and other liabilities (including trade payables) of any of our subsidiaries and any subsidiaries that we may in the future acquire or establish as financing vehicles or otherwise.

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As of June 30, 2018, we had no outstanding borrowings under our Wells Facility, $58.3 million of borrowings outstanding under our Union Bank Facility, and approximately $190.2 million of indebtedness outstanding incurred by our SBIC subsidiaries, HT II and HT III. All of such indebtedness would be structurally senior to the Notes. In addition, our subsidiaries may incur substantial additional indebtedness in the future, all of which would be structurally senior to the Notes.

The indenture under which the Notes will be issued contains limited protection for holders of the Notes.

The indenture under which the Notes will be issued offers limited protection to holders of the Notes. The terms of the indenture and the Notes do not restrict our or any of our subsidiaries ability to engage in, or otherwise be a party to, a variety of corporate transactions, circumstances or events that could have an adverse impact on your investment in the Notes. In particular, the terms of the indenture and the Notes will not place any restrictions on our or our subsidiaries ability to:

issue securities or otherwise incur additional indebtedness or other obligations, including (1) any indebtedness or other obligations that would be equal in right of payment to the Notes, (2) any indebtedness or other obligations that would be secured and therefore rank effectively senior in right of payment to the Notes to the extent of the values of the assets securing such debt, (3) indebtedness of ours that is guaranteed by one or more of our subsidiaries and which therefore is structurally senior to the Notes and (4) securities, indebtedness or obligations issued or incurred by our subsidiaries that would be senior to our equity interests in our subsidiaries and therefore rank structurally senior to the Notes with respect to the assets of our subsidiaries, in each case other than an incurrence of indebtedness or other obligation that would cause a violation of Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act or any successor provisions, whether or not we continue to be subject to such provisions of the 1940 Act, but giving effect to any exemptive relief granted to us by the SEC (currently, these provisions generally prohibit us from making additional borrowings, including through the issuance of additional debt or the sale of additional debt securities, unless our asset coverage, as defined in the 1940 Act, equals at least 200% through September 4, 2019 and 150% thereafter (or earlier if our stockholders approve the proposal to accelerate the application of the reduced asset coverage requirements to us) after such borrowings);

pay distributions on, or purchase or redeem or make any payments in respect of, capital stock or other securities ranking junior in right of payment to the Notes, in each case other than dividends, purchases, redemptions or payments that would cause a violation of Section 18(a)(1)(B) as modified by Section 61(a)(1) of the 1940 Act or any successor provisions, giving effect to (i) any exemptive relief granted to us by the SEC and (ii) no-action relief granted by the SEC to another business development company (or to us if we determine to seek such similar no-action or other relief) permitting the business development company to declare any cash dividend or distribution notwithstanding the prohibition contained in Section 18(a)(1)(B) as modified by Section 61(a)(1) of the 1940 Act in order to maintain the business development company s status as a RIC under Subchapter M of the Code (currently, these provisions generally prohibit us from declaring any cash dividend or distribution upon any class of our capital stock, or purchasing any such capital stock if our asset coverage, as defined in the 1940 Act, is below 200% through September 4, 2019 and 150% thereafter (or earlier if our stockholders approve the proposal to accelerate the application of the reduced asset coverage requirements to us) at the time of the declaration of the dividend or distribution or the purchase and after deducting the amount of such dividend, distribution or purchase);

sell assets (other than certain limited restrictions on our ability to consolidate, merge or sell all or substantially all of our assets);

enter into transactions with affiliates;

create liens (including liens on the shares of our subsidiaries) or enter into sale and leaseback transactions;

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- make investments; or

- create restrictions on the payment of distributions or other amounts to us from our subsidiaries.

In addition, the indenture will not require us to purchase the Notes in connection with a change of control or any other event.

Furthermore, the terms of the indenture and the Notes do not protect holders of the Notes in the event that we experience changes (including significant adverse changes) in our financial condition, results of operations or credit ratings, as they do not require that we or our subsidiaries adhere to any financial tests or ratios or specified levels of net worth, revenues, income, cash flow, or liquidity.

Our ability to recapitalize, incur additional debt and take a number of other actions that are not limited by the terms of the Notes may have important consequences for you as a holder of the Notes, including making it more difficult for us to satisfy our obligations with respect to the Notes or negatively affecting the trading value of the Notes.

Certain of our current debt instruments include more protections for their holders than the indenture and the Notes. See Risk Factors In addition to regulatory requirements that restrict our ability to raise capital, our 2022 Notes, 2024 Notes, 2025 Notes, 2022 Convertible Notes, and Credit Facilities contain various covenants which, if not complied with, could require accelerated repayment under the facility or require us to repurchase the 2022 Notes, 2024 Notes, 2025 Notes, 2022 Convertible Notes thereby materially and adversely affecting our liquidity, financial condition, results of operations and ability to pay distributions in the accompanying prospectus. In addition, other debt we issue or incur in the future could contain more protections for its holders than the indenture and the Notes, including additional covenants and events of default. The issuance or incurrence of any such debt with incremental protections could affect the market for, and trading levels and prices of, the Notes.

Our amount of debt outstanding may increase as a result of this offering. Our current indebtedness could adversely affect our business, financial condition and results of operations and our ability to meet our payment obligations under the Notes and our other debt.

The use of debt could have significant consequences on our future operations, including:

- making it more difficult for us to meet our payment and other obligations under the Notes and our other outstanding debt;

- resulting in an event of default if we fail to comply with the financial and other restrictive covenants contained in our financing arrangements, which event of default could result in substantially all of our debt becoming immediately due and payable;

- reducing the availability of our cash flow to fund investments, acquisitions and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;

- subjecting us to the risk of increased sensitivity to interest rate increases on our indebtedness with variable interest rates, including borrowings under our financing arrangements; and

- limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy.

Any of the above-listed factors could have an adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Notes and our other debt.

Our ability to meet our payment and other obligations under our financing arrangements depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic,

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financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us under our financing arrangements or otherwise, in an amount sufficient to enable us to meet our payment obligations under the Notes and our other debt and to fund other liquidity needs. If we are not able to generate sufficient cash flow to service our debt obligations, we may need to refinance or restructure our debt, including the Notes, sell assets, reduce or delay capital investments, or seek to raise additional capital. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under the Notes and our other debt.

The optional redemption provision may materially adversely affect your return on the Notes.

The Notes will be redeemable in whole or in part upon certain conditions at any time, or from time to time, at our option on or after October 30, 2023. We may choose to redeem the Notes at times when prevailing interest rates are lower than the interest rate paid on the Notes. In this circumstance, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the Notes being redeemed.

An active trading market for the Notes may not develop or be maintained, which could limit the market price of the Notes or your ability to sell them.

The Notes are a new issue of debt securities for which there currently is no trading market. We intend to apply to list the Notes on the NYSE within 30 days of the original issue date. Although we expect the Notes to be listed on the NYSE, we cannot provide any assurances that an active trading market will develop for the Notes or that you will be able to sell your Notes. If the Notes are traded after their initial issuance, they may trade at a discount from their initial offering price depending on prevailing interest rates, the market for similar securities, our credit ratings, general economic conditions, our financial condition, performance and prospects and other factors. The underwriters have advised us that they intend to make a market in the Notes, but they are not obligated to do so. The underwriters may discontinue any market-making in the Notes at any time at their sole discretion. Accordingly, we cannot assure you that an active trading market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the price you receive when you sell will be favorable. To the extent an active trading market does not develop, the liquidity and trading price for the Notes may be harmed. Accordingly, you may be required to bear the financial risk of an investment in the Notes for an indefinite period of time.

A downgrade, suspension or withdrawal of a credit rating assigned by a rating agency to us or our unsecured debt, if any, or change in the debt markets could cause the liquidity or market value of the Notes to decline significantly.

Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the Notes. These credit ratings may not reflect the potential impact of risks relating to the structure or marketing of the Notes. Credit ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization in its sole discretion. Neither we nor any underwriter undertakes any obligation to maintain our credit ratings or to advise holders of Notes of any changes in our credit ratings. There can be no assurance that our credit ratings will remain for any given period of time or that such credit ratings will not be lowered or withdrawn entirely by the rating agencies if in their judgment future circumstances relating to the basis of the credit ratings, such as adverse changes in our company, so warrant. An increase in the competitive environment, inability to cover distributions, or increase in leverage could lead to a downgrade in our credit ratings and limit our access to the debt and equity markets capability impairing our ability to grow the business. The conditions of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future, which could have an adverse effect on the market prices of the Notes.

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If we Default on our obligations to pay our other indebtedness, we may not be able to make payments on the Notes.

Any default under the agreements governing our indebtedness, including a default under the Wells Facility, the Union Bank Facility, the 2022 Notes, the 2024 Notes, the 2025 Notes, the 2022 Convertible Notes, and the 2021 Asset-Backed Notes or other indebtedness to which we may be a party, that is not waived by the required lenders or holders, and the remedies sought by the holders of such indebtedness, could make us unable to pay principal, premium, if any, and interest on the Notes and substantially decrease the market value of the Notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under the Wells Facility and the Union Bank Facility or other debt we may incur in the future could elect to terminate their commitments, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to seek to obtain waivers from the required lenders under the Wells Facility or Union Bank Facility or the required holders of our 2022 Notes, 2024 Notes, 2025 Notes, 2022 Convertible Notes, 2021 Asset-Backed Notes or other debt that we may incur in the future to avoid being in default. If we breach our covenants under the Wells Facility, Union Bank Facility, the 2022 Notes, the 2024 Notes, the 2025 Notes, the 2022 Convertible Notes, the 2021 Asset-Backed Notes or other debt and seek a waiver, we may not be able to obtain a waiver from the required lenders or holders. If this occurs, we would be in default under the Wells Facility or Union Bank Facility, the 2022 Notes, the 2024 Notes, the 2025 Notes, the 2022 Convertible Notes, the 2021 Asset-Backed Notes or other debt, as applicable, the lenders or holders could exercise their rights as described above, and we could be forced into bankruptcy or liquidation. If we are unable to repay debt, lenders having secured obligations, including the lenders under the Wells Facility and the Union Bank Facility, could proceed against the collateral securing the debt. Because the Wells Facility and the Union Bank Facility have, and any future credit facilities will likely have, customary cross-default provisions, if the indebtedness under the Notes, the Wells Facility, Union Bank Facility, the 2022 Notes, the 2024 Notes, the 2025 Notes, the 2022 Convertible Notes or the 2021 Asset-Backed Notes or under any future credit facility is accelerated, we may be unable to repay or finance the amounts due. See Specific Terms of the Notes and the Offering in this prospectus supplement.

FATCA withholding may apply to payments to certain foreign entities.

Payments made under the Notes to a foreign financial institution or non-financial foreign entity (including such an institution or entity acting as an intermediary) may be subject to a U.S. withholding tax of 30% under U.S. Foreign Account Tax Compliance Act provisions of the Code (commonly referred to as FATCA). This U.S. withholding tax generally applies to payments of interest on the Notes as well as, after December 31, 2018, to any payments of gross proceeds (including principal payments) from the sale, redemption, retirement or other disposition of the Notes, unless the foreign financial institution or non-financial foreign entity complies with certain information reporting, withholding, identification, certification and related requirements imposed by FATCA. Depending upon the status of a holder and the status of an intermediary through which any Notes are held, the holder could be subject to this 30% U.S. withholding tax in respect of any interest paid on the Notes as well as any proceeds from the sale, redemption, retirement or other disposition of the Notes. Persons located in jurisdictions that have entered into an intergovernmental agreement with the United States to implement FATCA may be subject to different rules. You should consult your own tax advisors regarding FATCA and how it may affect your investment in the Notes. See Certain United States Federal Income Tax Considerations Taxation of Note Holders FATCA in this prospectus supplement for further information.

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Risks Related to our Business Structure

Because we have substantial indebtedness, there could be increased risk in investing in our company.

Lenders have fixed dollar claims on our assets that are superior to the claims of stockholders, and we have granted, and may in the future grant, lenders a security interest in our assets in connection with borrowings. In the case of a liquidation event, those lenders would receive proceeds before our stockholders. In addition, borrowings, also known as leverage, magnify the potential for gain or loss on amounts invested and, therefore, increase the risks associated with investing in our securities. Leverage is generally considered a speculative investment technique. If the value of our assets increases, then leverage would cause the NAV attributable to our common stock to increase more than it otherwise would have had we not leveraged. Conversely, if the value of our assets decreases, leverage would cause the NAV attributable to our common stock to decline more than it otherwise would have had we not used leverage. Similarly, any increase in our revenue in excess of interest expense on our borrowed funds would cause our net income to increase more than it would without the leverage. Any decrease in our revenue would cause our net income to decline more than it would have had we not borrowed funds and could negatively affect our ability to make distributions on common stock. Our ability to service any debt that we incur will depend largely on our financial performance and will be subject to prevailing economic conditions and competitive pressures. We and, indirectly, our stockholders will bear the cost associated with our leverage activity. If we are not able to service our substantial indebtedness, our business could be harmed materially.

Our Credit Facilities, our 2022 Notes, our 2024 Notes, our 2025 Notes, our 2021 Asset-Backed Notes, and our 2022 Convertible Notes contain financial and operating covenants that could restrict our business activities, including our ability to declare dividend distributions if we default under certain provisions.

As of June 30, 2018, we had no borrowings outstanding under the Wells Facility and $58.3 million of borrowings outstanding on the Union Bank Facility. In addition, as of June 30, 2018, we had approximately $190.2 million of indebtedness outstanding incurred by our SBIC subsidiaries, approximately $150.0 million in aggregate principal amount of 2022 Notes, approximately $83.5 million in aggregate principal amount of 2024 Notes, approximately $75.0 million in aggregate principal amount of 2025 Notes, approximately $31.1 million in aggregate principal amount of 2021 Asset-Backed Notes, and approximately $230.0 million in aggregate principal amount of 2022 Convertible Notes.

There can be no assurance that we will be successful in obtaining any additional debt capital on terms acceptable to us or at all. If we are unable to obtain debt capital, then our equity investors will not benefit from the potential for increased returns on equity resulting from leverage to the extent that our investment strategy is successful and we may be limited in our ability to make new commitments or fundings to our portfolio companies.

As a business development company, under the 1940 Act, generally, we are not permitted to incur indebtedness unless immediately after such borrowing we have an asset coverage for total borrowings of at least 200% (i.e., the amount of debt may not exceed 50% of the value of our assets). In addition, we may not be permitted to declare any cash distribution on our outstanding common shares, or purchase any such shares, unless, at the time of such declaration or purchase, we have asset coverage of at least 200% after deducting the amount of such distribution or purchase price. If this ratio declines below 200%, we may not be able to incur additional debt and may need to sell a portion of our investments to repay some debt when it is disadvantageous to do so, and we may not be able to make distributions. The SBCAA, which was signed into law in March 2018, modifies this section of the 1940 Act and decreases this percentage from 200% to 150% (subject to either stockholder approval or approval of both a majority of the board of directors and a majority of directors who are not interested persons).

On September 4, 2018, our Board of Directors, including a required majority (as such term is defined in Section 57(o) of the 1940 Act), approved the application to us of the 150% minimum asset coverage ratio set

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forth in Section 61(a)(2) of the 1940 Act. As a result, the minimum asset coverage ratio applicable to us will be reduced from 200% to 150%, effective as of September 4, 2019, unless approved earlier by a vote of our stockholders, in which case the 150% minimum asset coverage ratio will be effective on the day after such approval. Our Board of Directors also authorized the submission of a proposal for stockholders to accelerate the application of the 150% minimum asset coverage ratio to us at a special meeting of stockholders. As a result of our Board of Director s approval, effective as of September 4, 2019 (or earlier if our stockholders approve the proposal to accelerate the application of the reduced asset coverage requirements to us), we will be able to incur additional indebtedness and, therefore, your risk of an investment in us may increase. Rating agencies have reviewed, and may continue to review, our credit ratings and those of other business development companies in light of this new law as well as any corresponding changes to asset coverage ratios and, in certain cases, downgrade such ratings. Such a downgrade in our credit ratings may adversely affect our securities. See Risks Related to the Notes A downgrade, suspension or withdrawal of a credit rating assigned by a rating agency to us or our unsecured debt, if any, or change in the debt markets could cause the liquidity or market value of the Notes to decline significantly in this prospectus supplement and Risk Factors Risks Related to Our Securities A downgrade, suspension or withdrawal of the credit rating assigned by a rating agency to us or our debt securities, if any, or change in the debt markets could cause the liquidity or market value of our debt securities to decline significantly in the accompanying prospectus.

As of June 30, 2018, our asset coverage ratio under our regulatory requirements as a business development company was 252.7% excluding our SBIC debentures as a result of our exemptive order from the SEC that allows us to exclude all SBA leverage from our asset coverage ratio and was 217.2% when including all SBA leverage.

Based on assumed leverage equal to 84.9% of our net assets as of June 30, 2018, our investment portfolio would have been required to experience an annual return of at least 2.7% to cover annual interest payments on our additional indebtedness.

Illustration. The following table illustrates the effect of leverage on returns from an investment in our common stock assuming that we employ (1) our actual asset coverage ratio as of June 30, 2018, (2) a hypothetical asset coverage ratio of 200%, and (3) a hypothetical asset coverage ratio of 150%, each at various annual returns on our portfolio as of June 30, 2018, net of expenses. The calculations in the table below are hypothetical, and actual returns may be higher or lower than those appearing in the table below.

	Annual Return on Our Portfolio (Net of Expenses)				
	-10%	**-5%**	**0%**	**5%**	**10%**
Corresponding return to common stockholder assuming actual asset coverage as of June 30, 2018 (252.7%)(1)	(23.57%)	(14.27%)	(4.97%)	4.34%	13.64%
Corresponding return to common stockholder assuming 200% asset coverage(2)	(29.09%)	(18.05%)	(7.00%)	4.04%	15.08%
Corresponding return to common stockholder assuming 150% asset coverage(3)	(44.94%)	(28.90%)	(12.85%)	3.19%	19.24%

(1) Assumes \$1,792 million in total assets, \$818 million in debt outstanding, \$963.7 million in stockholders equity, and an average cost of funds of 5.85%, which is the approximate average cost of borrowed funds, including our

SBA debentures, 2022 Notes, 2024 Notes, 2025 Notes, 2021 Asset Backed Notes, 2022 Convertible Notes, Wells Facility, and Union Bank Facility for the period ended June 30, 2018. Actual interest payments may be different.

(2) Assumes $2,128 million in total assets including debt issuance costs on a pro forma basis, $1,154 million in debt outstanding, $963.7 million in stockholders equity, and an average cost of funds of 5.85%, which is the approximate average cost of borrowed funds, including our SBA debentures, 2022 Notes, 2024 Notes, 2025 Notes, 2021 Asset-Backed Notes, 2022 Convertible Notes, and Credit Facilities for the period ended June 30, 2018, along with the hypothetical estimated incremental cost of debt that would be incurred on offering the maximum permissible debt under the 200% asset coverage. Actual interest payments may be different.

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(3) Assumes $3,092 million in total assets including debt issuance costs on a pro forma basis, $2,118 million in debt outstanding, $963.7 million in stockholders equity, and an average cost of funds of 5.85%, which is the approximate average cost of borrowed funds, including our SBA debentures, 2022 Notes, 2024 Notes, 2025 Notes, 2021 Asset-Backed Notes, 2022 Convertible Notes, and Credit Facilities for the period ended June 30, 2018, along with the hypothetical estimated incremental cost of debt that would be incurred on offering the maximum permissible debt under the 150% asset coverage. Actual interest payments may be different.

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USE OF PROCEEDS

We estimate that the net proceeds we will receive from the sale of the $40.0 million aggregate principal amount of Notes in this offering will be approximately $38.4 million (or approximately $44.2 million if the underwriters fully exercise their overallotment option) based on a public offering of 100% of par, after deducting the underwriting discount of approximately $1.2 million (or approximately $1.4 million if the underwriters fully exercise their overallotment option) payable by us and estimated offering expenses of approximately $375,000 payable by us.

We expect to use the net proceeds from this offering (i) to fund investments in debt and equity securities in accordance with our investment objective, (ii) to make acquisitions, (iii) to retire certain debt obligations (which may include the 2024 Notes), and (iv) for other general corporate purposes.

As of June 30, 2018, the aggregate principal balance of the 2024 Notes was approximately $83.5 million. The 2024 Notes bear interest at a rate of 6.25% per year, payable quarterly and mature, unless earlier repurchased or redeemed, on July 30, 2024.

We intend to seek to invest the net proceeds received in this offering as promptly as practicable after receipt thereof consistent with our investment objective. We anticipate that substantially all of the net proceeds from any offering of our securities will be used as described above within three to six months, depending on market conditions. We anticipate that the remainder will be used for working capital and general corporate purposes, including potential payments or distributions to shareholders. Pending such use, we will invest a portion of the net proceeds of this offering in short-term investments, such as cash and cash equivalents, which we expect will earn yields substantially lower than the interest income that we anticipate receiving in respect of investments in accordance with our investment objective.

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SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations, Senior Securities and the consolidated financial statements and related notes included elsewhere herein. The selected balance sheet data as of the end of fiscal year 2017, 2016, 2015, 2014, and 2013 and the financial statement of operations data for fiscal years 2017, 2016, 2015, 2014, and 2013 has been derived from our audited financial statements, which have been audited by PricewaterhouseCoopers LLP, our independent registered public accounting firm, but not all of which are presented in this prospectus supplement. The historical data are not necessarily indicative of results to be expected for any future period. The selected financial and other data for the six-months ended June 30, 2018 and other quarterly financial information is derived from our unaudited financial statements, but in the opinion of management, reflects all adjustments (consisting only of normal recurring adjustments) that are necessary to present fairly the results of such interim periods. Interim results as of and for the six-months ended June 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018.

	For the Six-Months Ended June 30, (unaudited)		For the Year Ended December 31,				
(in thousands, except per share amounts)	**2018**	**2017**	**2017**	**2016**	**2015**	**2014**	**2013**
Investment income:							
Interest	$ 88,857	$ 83,367	$ 172,196	$ 158,727	$ 140,266	$ 126,618	$ 123,671
Fees	9,405	11,450	18,684	16,324	16,866	17,047	16,042
Total investment income	98,262	94,817	190,880	175,051	157,132	143,665	139,713
Operating expenses:							
Interest	19,264	18,861	37,857	32,016	30,834	28,041	30,334
Loan fees	4,537	4,186	8,728	5,042	6,055	5,919	4,807
General and administrative:							
Legal expenses	1,212	2,867	4,572	4,823	3,079	1,366	1,440
Other expenses	6,471	5,947	11,533	11,283	13,579	8,843	7,914
Total general and administrative	7,683	8,814	16,105	16,106	16,658	10,209	9,354
Employee Compensation:							
Compensation and benefits	12,775	11,262	24,555	22,500	20,713	16,604	16,179
Stock-based compensation	5,166	3,742	7,191	7,043	9,370	9,561	5,974
Total employee compensation	17,941	15,004	31,746	29,543	30,083	26,165	22,153
Total operating expenses	49,425	46,865	94,436	82,707	83,630	70,334	66,648
Other income (loss)				8,000	(1)	(1,581)	
Net investment income	48,837	47,952	96,444	100,344	73,501	71,750	73,065
Net realized gain (loss) on investments	(13,831)	(2,475)	(26,711)	4,576	5,147	20,112	14,836

Net change in unrealized appreciation (depreciation) on investments	23,000	(17,916)	9,265	(36,217)	(35,732)	(20,674)	11,545
Total net realized and unrealized gain (loss)	9,169	(20,391)	(17,446)	(31,641)	(30,585)	(562)	26,381
Net increase in net assets resulting from operations	$ 58,006	$ 27,561	$ 78,998	$ 68,703	$ 42,916	$ 71,188	$ 99,446
Change in net assets per common share (basic)	$ 0.67	$ 0.33	$ 0.95	$ 0.91	$ 0.60	$ 1.12	$ 1.67
Distributions declared per common share:	$ 0.62	$ 0.62	$ 1.24	$ 1.24	$ 1.24	$ 1.24	$ 1.11

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n thousands, cept per share amounts)	For the Six-Months Ended June 30, (unaudited) 2018	2017	2017	For the Year Ended December 31, 2016	2015	2014	2013
lance sheet data:							
vestments, at value	$ 1,701,936	$ 1,395,469	$ 1,542,214	$ 1,423,942	$ 1,200,638	$ 1,020,737	$ 910,295
sh and cash equivalents	59,461	160,412	91,309	13,044	95,196	227,116	268,368
tal assets	1,792,597	1,588,709	1,654,715	1,464,204	1,334,761	1,299,223	1,221,715
tal liabilities	828,900	771,258	813,748	676,260	617,627	640,359	571,708
tal net assets	963,697	817,451	840,967	787,944	717,134	658,864	650,007
her Data:							
tal return(3)	1.24%	(2.04%)	1.47%	26.87%	(9.70%)	(1.75%)	58.49
tal debt investments, at lue	1,545,997	1,287,623	1,415,984	1,328,803	1,110,209	923,906	821,988
tal warrant investments, value	34,430	32,530	36,869	27,485	22,987	25,098	35,637
tal equity investments, at lue	121,509	75,316	89,361	67,654	67,442	71,733	52,670
nfunded Commitments(2)	129,716	57,595	73,604	59,683	75,402	147,689	69,091
t asset value per share(1)	$ 10.22	$ 9.87	$ 9.96	$ 9.90	$ 9.94	$ 10.18	$ 10.51

(1) Based on common shares outstanding at period end.

(2) Amount represents unfunded commitments, including undrawn revolving facilities, which are available at the request of the portfolio company. Amount excludes unfunded commitments which are unavailable due to the borrower having not met certain milestones.

(3) The total return equals the change in the ending market value over the beginning of the period price per share plus distributions paid per share during the period, divided by the beginning price assuming the distribution is reinvested on the date of the issuance. The total return does not reflect any sales load that must be paid by investors.

The following tables set forth certain quarterly financial information for each of the eight quarters up to and ending December 31, 2017 and the quarters ending March 31, 2018 and June 30, 2018. This information was derived from our unaudited consolidated financial statements. Results for any quarter are not necessarily indicative of results for the full year or for any future quarter.

(in thousands, except per share data)	Quarter Ended March 31, 2018	June 30, 2018
Total investment income	$ 48,700	$ 49,562
Net investment income	26,063	22,774
Net increase (decrease) in net assets resulting from operations	5,946	52,060
Change in net assets resulting from operations per common share (basic)	$ 0.07	$ 0.59

(in thousands, except per share data)	Quarter Ended March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
Total investment income	$ 46,365	$ 48,452	$ 45,865	$ 50,198
Net investment income	22,678	25,275	23,973	24,518
Net increase (decrease) in net assets resulting from operations	(5,588)	33,149	33,072	18,365
Change in net assets resulting from operations per common share (basic)	$ (0.07)	$ 0.40	$ 0.40	$ 0.22

	Quarter Ended March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016
Total investment income	$ 38,939	$ 43,538	$ 45,102	$ 47,472
Net investment income	20,097	23,354	23,776	33,117
Net increase in net assets resulting from operations	14,295	9,475	30,812	14,121
Change in net assets resulting from operations per common share (basic)	$ 0.20	$ 0.13	$ 0.41	$ 0.18

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CAPITALIZATION

The following table sets forth (i) our actual capitalization as of June 30, 2018, and (ii) our capitalization as adjusted to give effect to the sale of $40.0 million aggregate principal amount of Notes in this offering (assuming no exercise of the overallotment option), excluding accrued interest, after deducting the underwriting discounts and commissions of approximately $1.2 million payable by us and estimated offering expenses of approximately $375,000 payable by us. You should read this table together with the Use of Proceeds section and our statement of assets and liabilities included elsewhere in this prospectus supplement.

	As of June 30, 2018	
	Actual	As Adjusted
	(in thousands)	
Investments at fair value	$ 1,701,936	$ 1,701,936
Cash and cash equivalents	$ 59,461	$ 97,837
Debt[1]:		
Accounts payable and accrued liabilities	$ 25,115	$ 25,115
Long-term SBA debentures	188,457	188,457
2022 Convertible Notes	224,269	224,269
2021 Asset-Backed Notes	30,698	30,698
2022 Notes	147,728	147,728
2024 Notes	81,694	81,694
2025 Notes	72,616	72,616
Credit Facilities	58,323	58,323
Notes offered herein		38,376
Total debt	$ 828,900	$ 867,276
Stockholders equity:		
Common stock, par value $0.001 per share; 200,000,000 shares authorized; 94,259,954 shares issued and outstanding	$ 94	$ 94
Capital in excess of par value	1,026,313	1,026,313
Unrealized depreciation on investments	(56,760)	(56,760)
Accumulated realized gains (losses) on investments	(34,205)	(34,205)
Distributions in excess of investment income	28,255	28,255
Total stockholders equity	$ 963,697	$ 963,697
Total capitalization	$ 1,792,597	$ 1,830,973

(1) The above table reflects the principal amount of indebtedness outstanding net of the associated debt issuance costs as of June 30, 2018. As of September 13, 2018, indebtedness under the Wells Facility, the Union Bank Facility,

the 2022 Notes, the 2022 Convertible Notes, the 2024 Notes, the 2025 Notes, and the 2021 Asset-Backed Notes was $39.9 million, $44.2 million, $150.0 million, $230.0 million, $83.5 million, $75.0 million, and $5.9 million, respectively. The net proceeds from the sale of the Notes in this offering are expected to be used to fund investments in debt and equity securities in accordance with our investment objective, to make acquisitions, to retire certain debt obligations (which may include the 2024 Notes), and for other general corporate purposes. See Use of Proceeds.

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SENIOR SECURITIES

Information about our senior securities is shown in the following table for the periods as of December 31, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, and 2008. The information as of December 31, 2017, 2016, 2015, 2014, 2013, 2012, 2011 and 2010 has been derived from our audited financial statements for these periods, which have been audited by PricewaterhouseCoopers LLP, our independent registered public accounting firm. The report of PricewaterhouseCoopers LLP on the senior securities table as of December 31, 2017 is attached as an exhibit to the registration statement of which this prospectus is a part. The N/A indicates information that the SEC expressly does not require to be disclosed for certain types of senior securities.

Class and Year	Total Amount Outstanding Exclusive of Treasury Securities[(1)]	Asset Coverage per Unit[(2)]	Average Market Value per Unit[(3)]
Securitized Credit Facility with Wells Fargo Capital Finance			
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[(6)]			N/A
December 31, 2013[(6)]			N/A
December 31, 2014[(6)]			N/A
December 31, 2015	$ 50,000,000	$ 26,352	N/A
December 31, 2016	$ 5,015,620	$ 290,234	N/A
December 31, 2017[(6)]			N/A
December 31, 2018 (as of June 30, 2018, unaudited)[(6)]			N/A
Securitized Credit Facility with Union Bank, NA			
December 31, 2009[(6)]			N/A
December 31, 2010[(6)]			N/A
December 31, 2011[(6)]			N/A
December 31, 2012[(6)]			N/A
December 31, 2013[(6)]			N/A
December 31, 2014[(6)]			N/A
December 31, 2015[(6)]			N/A
December 31, 2016[(6)]			N/A
December 31, 2017[(6)]			N/A
December 31, 2018 (as of June 30, 2018, unaudited)	$ 58,322,619	$ 30,498	N/A
Small Business Administration Debentures (HT II)[(4)]			
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
December 31, 2013	$ 76,000,000	$ 16,075	N/A
December 31, 2014	$ 41,200,000	$ 31,535	N/A
December 31, 2015	$ 41,200,000	$ 31,981	N/A
December 31, 2016	$ 41,200,000	$ 35,333	N/A
December 31, 2017	$ 41,200,000	$ 39,814	N/A
December 31, 2018 (as of June 30, 2018, unaudited)	$ 41,200,000	$ 43,172	N/A
Small Business Administration Debentures (HT III)[(5)]			
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
December 31, 2013	$ 149,000,000	$ 8,199	N/A
December 31, 2014	$ 149,000,000	$ 8,720	N/A
December 31, 2015	$ 149,000,000	$ 8,843	N/A
December 31, 2016	$ 149,000,000	$ 9,770	N/A
December 31, 2017	$ 149,000,000	$ 11,009	N/A
December 31, 2018 (as of June 30, 2018, unaudited)	$ 149,000,000	$ 11,938	N/A

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Class and Year	Total Amount Outstanding Exclusive of Treasury Securities[1]	Asset Coverage per Unit[2]	Average Market Value per Unit[3]
2016 Convertible Notes			
December 31, 2011	$ 75,000,000	$ 10,623	$ 885
December 31, 2012	$ 75,000,000	$ 15,731	$ 1,038
December 31, 2013	$ 75,000,000	$ 16,847	$ 1,403
December 31, 2014	$ 17,674,000	$ 74,905	$ 1,290
December 31, 2015	$ 17,604,000	$ 74,847	$ 1,110
December 31, 2016			
April 2019 Notes			
December 31, 2012	$ 84,489,500	$ 13,300	$ 986
December 31, 2013	$ 84,489,500	$ 14,460	$ 1,021
December 31, 2014	$ 84,489,500	$ 15,377	$ 1,023
December 31, 2015	$ 64,489,500	$ 20,431	$ 1,017
December 31, 2016	$ 64,489,500	$ 22,573	$ 1,022
December 31, 2017			
September 2019 Notes			
December 31, 2012	$ 85,875,000	$ 13,086	$ 1,003
December 31, 2013	$ 85,875,000	$ 14,227	$ 1,016
December 31, 2014	$ 85,875,000	$ 15,129	$ 1,026
December 31, 2015	$ 45,875,000	$ 28,722	$ 1,009
December 31, 2016	$ 45,875,000	$ 31,732	$ 1,023
December 31, 2017			
2024 Notes			
December 31, 2014	$ 103,000,000	$ 12,614	$ 1,010
December 31, 2015	$ 103,000,000	$ 12,792	$ 1,014
December 31, 2016	$ 252,873,175	$ 5,757	$ 1,016
December 31, 2017	$ 183,509,600	$ 8,939	$ 1,025
December 31, 2018 (as of June 30, 2018, unaudited)	$ 83,509,600	$ 21,299	$ 1,011
2025 Notes			
December 31, 2018 (as of June 30, 2018, unaudited)	$ 75,000,000	$ 23,716	$ 993
2017 Asset-Backed Notes			
December 31, 2012	$ 129,300,000	$ 8,691	$ 1,000
December 31, 2013	$ 89,556,972	$ 13,642	$ 1,004
December 31, 2014	$ 16,049,144	$ 80,953	$ 1,375
December 31, 2015			
2021 Asset-Backed Notes			
December 31, 2014	$ 129,300,000	$ 10,048	$ 1,000
December 31, 2015	$ 129,300,000	$ 10,190	$ 996
December 31, 2016	$ 109,205,263	$ 13,330	$ 1,002
December 31, 2017	$ 49,152,504	$ 33,372	$ 1,001
December 31, 2018 (as of June 30, 2018, unaudited)	$ 31,087,858	$ 57,215	$ 1,000
2022 Convertible Notes			
December 31, 2017	$ 230,000,000	$ 7,132	$ 1,028

December 31, 2018 (as of June 30, 2018, unaudited)	$	230,000,000	$	7,733	$	1,012
2022 Notes						
December 31, 2017	$	150,000,000	$	10,935	$	1,014
December 31, 2018 (as of June 30, 2018, unaudited)	$	150,000,000	$	11,858	$	999
Total Senior Securities(7)						
December 31, 2008	$	216,782,000	$	2,764		N/A
December 31, 2009	$	130,600,000	$	3,806		N/A
December 31, 2010	$	170,000,000	$	3,478		N/A
December 31, 2011	$	310,186,830	$	2,409		N/A
December 31, 2012	$	599,664,500	$	1,874		N/A
December 31, 2013	$	559,921,472	$	2,182		N/A
December 31, 2014	$	626,587,644	$	2,073		N/A
December 31, 2015	$	600,468,500	$	2,194		N/A
December 31, 2016	$	667,658,558	$	2,180		N/A
December 31, 2017	$	802,862,104	$	2,043		N/A
December 31, 2018 (as of June 30, 2018, unaudited)	$	818,120,077	$	2,174		N/A

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(1) Total amount of each class of senior securities outstanding at the end of the period presented.
(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, including senior securities not subject to asset coverage requirements under the 1940 Act due to exemptive relief from the SEC, 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 as a result of exemptive relief granted to us by the SEC.
(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 as a result of exemptive relief granted to us by the SEC.
(6) The Company s Wells Facility and Union Bank Facility had no borrowings outstanding during the periods noted above.
(7) The total senior securities and Asset Coverage per Unit shown for those securities do not represent the asset coverage ratio requirement under the 1940 Act because the presentation includes senior securities not subject to the asset coverage requirements of the 1940 Act as a result of exemptive relief granted to us by the SEC. As of June 30, 2018, our asset coverage ratio under our regulatory requirements as a business development company was 253.0% excluding our SBA debentures as a result of our exemptive order from the SEC which allows us to exclude all SBA leverage from our asset coverage ratio.

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RATIO OF EARNINGS TO FIXED CHARGES

The following contains our ratio of earnings to fixed charges for the periods indicated, computed as set forth below. You should read these ratios of earnings to fixed charges in connection with our consolidated financial statements, including the notes to those statements, included in this prospectus supplement:

	For the six-months ended June 30, 2018	For the year ended December 31, 2017	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2014	For the year ended December 31, 2013
Earnings to Fixed Charges(1)	3.44	2.70	2.85	2.16	3.10	3.83

For purposes of computing the ratios of earnings to fixed charges, earnings represent net increase in stockholders equity resulting from operations plus fixed charges. Fixed charges include interest and credit facility fees expense and amortization of debt issuance costs.

(1) Earnings include net realized and unrealized gains or losses. Net realized and unrealized gains or losses can vary substantially from period to period.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our consolidated financial statements and related notes and other financial information appearing elsewhere in this prospectus supplement and the accompanying prospectus. In addition to historical information, the following discussion and other parts of this prospectus supplement and the accompanying prospectus contain forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated by such forward-looking information due to the factors discussed under Supplementary Risk Factors in this prospectus supplement and Risk Factors, and Forward-Looking Statements appearing elsewhere herein and the accompanying prospectus. Capitalized terms used and not otherwise defined herein have the meaning given in the accompanying prospectus.

Overview

We are a specialty finance company focused on providing senior secured loans to high-growth, innovative venture capital-backed companies in a variety of technology, life sciences, and sustainable and renewable technology industries. We source our investments through our principal office located in Palo Alto, CA, as well as through our additional offices in Boston, MA, New York, NY, Washington, DC, Hartford, CT, Reston, VA, and San Diego, CA.

Our goal is to be the leading structured debt financing provider for venture capital-backed companies in technology-related industries requiring sophisticated and customized financing solutions. Our strategy is to evaluate and invest in a broad range of technology-related industries including technology, drug discovery and development, biotechnology, life sciences, healthcare, and sustainable and renewable technology and to offer a full suite of growth capital products. We invest primarily in structured debt with warrants and, to a lesser extent, in senior debt and equity investments. We invest primarily in private companies but also have investments in public companies.

We use the term structured debt with warrants to refer to any debt investment, such as a senior or subordinated secured loan, that is coupled with an equity component, including warrants, options or other rights to purchase common or preferred stock. Our structured debt with warrants investments typically are secured by some or all of the assets of the portfolio company. We also provide unitranche loans, which are loans that combine both senior and mezzanine debt, generally in a first lien position.

Our investment objective is to maximize our portfolio s total return by generating current income from our debt investments and capital appreciation from our warrant and equity-related investments. Our primary business objectives are to increase our net income, net operating income and NAV by investing in structured debt with warrants and equity of venture capital-backed companies in technology-related industries with attractive current yields and the potential for equity appreciation and realized gains. Our equity ownership in our portfolio companies may exceed 25% of the voting securities of such companies, which represents a controlling interest under the 1940 Act. In some cases, we receive the right to make additional equity investments in our portfolio companies in connection with future equity financing rounds. Capital that we provide directly to venture capital-backed companies in technology-related industries is generally used for growth and general working capital purposes as well as in select cases for acquisitions or recapitalizations.

We also make investments in qualifying small businesses through our two wholly owned SBICs. Our SBIC subsidiaries, HT II and HT III, hold approximately $115.4 million and $294.8 million in assets, respectively, and accounted for approximately 5.2% and 13.4% of our total assets, respectively, prior to consolidation at June 30, 2018. In aggregate, at June 30, 2018, with our net investment of $118.5 million, HT II and HT III have the capacity to issue a total of $190.2 million of SBA-guaranteed debentures, subject to SBA approval. At June 30, 2018, we have issued $190.2 million in SBA-guaranteed debentures in our SBIC subsidiaries. On July 13, 2018, we fully redeemed the principal outstanding on our SBA HT II debenture. See Subsequent Events.

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We have qualified as and have elected to be treated for tax purposes as a RIC under Subchapter M of the Code. Pursuant to this election, we generally will not be subject to corporate-level taxes on any income and gains that we distribute as dividends for U.S. federal income tax purposes to our stockholders. However, our qualification and election to be treated as a RIC requires that we comply with provisions contained in Subchapter M of the Code. For example, as a RIC we must earn 90% or more of our gross income during each taxable year from qualified sources, typically referred to as good income, as well as satisfy certain quarterly asset diversification and annual income distribution requirements.

We are an internally managed, non-diversified, closed-end investment company that has elected to be regulated as a business development company under the 1940 Act. As a business development company, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in qualifying assets, which includes securities of private U.S. companies, cash, cash equivalents and high-quality debt investments that mature in one year or less.

Our portfolio is comprised of, and we anticipate that our portfolio will continue to be comprised of, investments primarily in technology related companies at various stages of their development. Consistent with requirements under the 1940 Act, we invest primarily in United-States based companies and to a lesser extent in foreign companies.

We regularly engage in discussions with third parties with respect to various potential transactions. We may acquire an investment or a portfolio of investments or an entire company or sell a portion of our portfolio on an opportunistic basis. We, our subsidiaries or our affiliates may also agree to manage certain other funds that invest in debt, equity or provide other financing or services to companies in a variety of industries for which we may earn management or other fees for our services. We may also invest in the equity of these funds, along with other third parties, from which we would seek to earn a return and/or future incentive allocations. Some of these transactions could be material to our business. Consummation of any such transaction will be subject to completion of due diligence, finalization of key business and financial terms (including price) and negotiation of final definitive documentation as well as a number of other factors and conditions including, without limitation, the approval of our Board of Directors and required regulatory or third party consents and, in certain cases, the approval of our stockholders. Accordingly, there can be no assurance that any such transaction would be consummated. Any of these transactions or funds may require significant management resources either during the transaction phase or on an ongoing basis depending on the terms of the transaction.

Portfolio and Investment Activity

The total fair value of our investment portfolio was approximately $1.7 billion at June 30, 2018 and $1.5 billion at December 31, 2017. The fair value of our debt investment portfolio at June 30, 2018 was approximately $1.5 billion, compared to a fair value of approximately $1.4 billion December 31, 2017. The fair value of the equity portfolio at June 30, 2018 was approximately $121.5 million, compared to a fair value of approximately $89.4 million at December 31, 2017. The fair value of the warrant portfolio at June 30, 2018 was approximately $34.4 million, compared to a fair value of approximately $36.8 million at December 31, 2017.

Portfolio Activity

Our investments in portfolio companies take a variety of forms, including unfunded contractual commitments and funded investments. From time to time, unfunded contractual commitments depend upon a portfolio company reaching certain milestones before the debt commitment is available to the portfolio company, which is expected to affect our funding levels. These commitments are subject to the same underwriting and ongoing portfolio maintenance as the on-balance sheet financial instruments that we hold. Debt commitments generally fund over the two succeeding quarters from close. Not all debt commitments represent future cash requirements. Similarly, unfunded contractual commitments may expire without being drawn and thus do not represent future cash requirements.

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Prior to entering into a contractual commitment, we generally issue a non-binding term sheet to a prospective portfolio company. Non-binding term sheets are subject to completion of our due diligence and final investment committee approval process, as well as the negotiation of definitive documentation with the prospective portfolio companies. These non-binding term sheets generally convert to contractual commitments in approximately 90 days from signing. Not all non-binding term sheets are expected to close and do not necessarily represent future cash requirements.

Our portfolio activity for the six months ended June 30, 2018 and the year ended December 31, 2017 was comprised of the following:

(in millions)	**June 30, 2018**	**December 31, 2017**
Debt Commitments(1)		
New portfolio company	$ 637.1	$ 773.2
Existing portfolio company	59.5	98.8
Total	$ 696.6	$ 872.0
Funded and Restructured Debt Investments(2)		
New portfolio company	$ 412.6	$ 578.9
Existing portfolio company	118.7	175.9
Total	$ 531.3	$ 754.8
Funded Equity Investments		
New portfolio company	$ 27.7	7.1
Existing portfolio company	4.7	2.9
Total	$ 32.4	$ 10.0
Unfunded Contractual Commitments(3)		
Total	$ 129.7	$ 73.6
Non-Binding Term Sheets		
New portfolio company	$ 70.0	$ 122.0
Existing portfolio company	10.0	
Total	$ 80.0	$ 122.0

(1) Includes restructured loans and renewals in addition to new commitments.
(2) Funded amounts include borrowings on revolving facilities.
(3) Amount represents unfunded commitments, including undrawn revolving facilities, which are available at the request of the portfolio company. Amount excludes unfunded commitments which are unavailable due to the borrower having not met certain milestones.

We receive principal payments on our debt investment portfolio based on scheduled amortization of the outstanding balances. In addition, we receive principal repayments for some of our loans prior to their scheduled maturity date. The frequency or volume of these early principal repayments may fluctuate significantly from period to period. During the six months ended June 30, 2018, we received approximately $404.3 million in aggregate principal repayments. Of the approximately $404.3 million of aggregate principal repayments, approximately $46.5 million were scheduled principal payments and approximately $357.8 million were early principal repayments related to 26 portfolio companies. Of the approximately $357.8 million early principal repayments, approximately $38.5 million were early repayments due to merger and acquisition transactions for three portfolio companies.

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Total portfolio investment activity (inclusive of unearned income and excluding activity related to taxes payable, and escrow receivables) as of and for the six months ended June 30, 2018 and the year ended December 31, 2017 was as follows:

(in millions)	June 30, 2018	December 31, 2017
Beginning portfolio	$ 1,542.2	$ 1,423.9
New fundings and restructures	563.7	764.8
Warrants not related to current period fundings	0.2	0.6
Principal payments received on investments	(46.5)	(119.5)
Early payoffs	(357.8)	(505.6)
Accretion of loan discounts and paid-in-kind principal	16.9	36.5
Net acceleration of loan discounts and loan fees due to early payoff or restructure	(8.1)	(8.1)
New loan fees	(7.0)	(9.8)
Sale of investments	(1.6)	(11.0)
Loss on investments due to write offs	(22.0)	(39.6)
Net change in unrealized appreciation (depreciation)	21.9	10.0
Ending portfolio	$ 1,701.9	$ 1,542.2

As of June 30, 2018, we held warrants or equity positions in two companies that have filed registration statements on Form S-1 with the SEC in contemplation of potential initial public offerings. Both companies filed confidentially under the JOBS Act. There can be no assurance that companies that have yet to complete their initial public offerings will do so in a timely manner or at all.

Changes in Portfolio

We generate revenue in the form of interest income, primarily from our investments in debt securities, and commitment and facility fees. Interest income is recognized in accordance with the contractual terms of the loan agreement to the extent that such amounts are expected to be collected. Fees generated in connection with our debt investments are recognized over the life of the loan or, in some cases, recognized as earned. In addition, we generate revenue in the form of capital gains, if any, on warrants or other equity-related securities that we acquire from our portfolio companies. Our investments generally range from $12.0 million to $40.0 million, although we may make investments in amounts above or below that range. As of June 30, 2018, our debt investments have a term of between two and seven years and typically bear interest at a rate ranging from 6.0% to 14.5%. In addition to the cash yields received on our debt investments, in some instances, our debt investments may also include any of the following: exit fees, balloon payment fees, commitment fees, success fees, payment-in-kind (PIK) provisions or prepayment fees which may be required to be included in income prior to receipt.

Interest on debt securities is generally payable monthly, with amortization of principal typically occurring over the term of the investment. In addition, our loans may include an interest-only period ranging from three to eighteen months or longer. In limited instances in which we choose to defer amortization of the loan for a period of time from the date of the initial investment, the principal amount of the debt securities and any accrued but unpaid interest become due at the maturity date.

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. We recognize nonrecurring fees amortized over the remaining term of the loan commencing in the quarter relating to specific loan modifications. We had approximately $33.7 million of unamortized fees at June 30, 2018, of which approximately $27.9 million was included as an offset to the cost basis of our current debt investments and approximately $5.8 million was deferred contingent upon the occurrence of a funding or milestone. At December 31, 2017, we had approximately $33.3 million of unamortized fees, of which approximately

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$29.3 million was included as an offset to the cost basis of our current debt investments and approximately $4.0 million was deferred contingent upon the occurrence of a funding or milestone.

Loan exit fees to be paid at the termination of the loan are accreted into interest income over the contractual life of the loan. At June 30, 2018, we had approximately $23.8 million in exit fees receivable, of which approximately $21.6 million was included as a component of the cost basis of our current debt investments and approximately $2.2 million was a deferred receivable related to expired commitments. At December 31, 2017, we had approximately $27.5 million in exit fees receivable, of which approximately $23.9 million was included as a component of the cost basis of our current debt investments and approximately $3.6 million was a deferred receivable related to expired commitments.

We have debt investments in our portfolio that contain a PIK provision. The PIK interest, computed at the contractual rate specified in each loan agreement, is recorded as interest income and added to the principal balance of the loan on specified capitalization dates. To maintain our ability to be subject to tax as a RIC, this non-cash source of income must be distributed to stockholders with other sources of income in the form of dividend distributions even though we have not yet collected the cash. Amounts necessary to pay these distributions may come from available cash or the liquidation of certain investments. We recorded approximately $2.3 million and $2.5 million in PIK income during the three months ended June 30, 2018 and 2017, respectively. We recorded approximately $4.6 million and $4.7 million in PIK income during the six months ended June 30, 2018 and 2017, respectively.

The core yield on our debt investments, which excludes the effects of fee and income accelerations attributed to early payoffs, restructuring, loan modifications and other one-time events and includes income from expired commitments, was 12.7% and 12.1% during the three months ended June 30, 2018 and 2017, respectively. The effective yield on our debt investments, which includes the effects of fee and income accelerations attributed to early payoffs, restructuring, loan modifications and other one-time events, was 13.5% and 14.9% for the three months ended June 30, 2018 and 2017, respectively. The effective yield is derived by dividing total investment income by the weighted average earning investment portfolio assets outstanding during the quarter, excluding non-interest earning assets such as warrants and equity investments. Both the core yield and effective yield may be higher than what our common stockholders may realize as the core yield and effective yield do not reflect our expenses and any sales load paid by our common stockholders. The total yield on our investment portfolio was 11.8% and 12.8% during the three months ended June 30, 2018 and 2017, respectively. The total yield is derived by dividing total investment income by the weighted average investment portfolio assets outstanding during the quarter, including non-interest earning assets such as warrants and equity investments at amortized cost.

The total return for our investors was approximately 1.2% and -2.0% during the six months ended June 30, 2018 and 2017, respectively. The total return equals the change in the ending market value over the beginning of the period price per share plus dividend distributions paid per share during the period, divided by the beginning price assuming the distribution is reinvested on the date of the distribution. The total return does not reflect any sales load that must be paid by investors. See Note 9 Financial Highlights included in the notes to our consolidated financial statements appearing elsewhere in this prospectus supplement.

Portfolio Composition

Our portfolio companies are primarily privately held companies and public companies which are active in the software, drug discovery & development, internet consumer & business services, sustainable and renewable technology, drug delivery, healthcare services, medical devices & equipment, media/content/info, diversified financial services, information services, electronics & computer hardware, consumer & business products, surgical devices, communications & networking, biotechnology tools, semiconductors, diagnostic and specialty pharmaceuticals industry sectors. These sectors are characterized by high margins, high growth rates, consolidation and product and market extension opportunities. Value for companies in these sectors is often vested in intangible assets and intellectual property.

As of June 30, 2018, approximately 80.5% of the fair value of our portfolio was composed of investments in five industries: 26.3% investments in the drug discovery & development industry, 26.2% investments in the software industry, 15.1% investments in the internet consumer & business services industry, 7.1% investments in the sustainable and renewable technology industry, and 5.8% investments in the Medical Devices & Equipment industry.

Industry and sector concentrations vary as new loans are recorded and loans pay off. Loan revenue, consisting of interest, fees, and recognition of gains on equity and warrants or other equity-related interests, can fluctuate materially when a loan is paid off or a warrant or equity interest is sold. Revenue recognition in any given year can be highly concentrated in several portfolio companies.

For the six months ended June 30, 2018 and the year ended December 31, 2017, our ten largest portfolio companies represented approximately 27.4% and 34.6% of the total fair value of our investments in portfolio companies, respectively. At June 30, 2018 and December 31, 2017, we had five and seven investments, respectively, that represented 5% or more of our net assets. At June 30, 2018, we had six equity investments representing approximately 65.4% of the total fair value of our equity investments, and each represented 5% or more of the total fair value of our equity investments. At December 31, 2017, we had nine equity investments which represented approximately 67.1% of the total fair value of our equity investments, and each represented 5% or more of the total fair value of our equity investments.

As of June 30, 2018, approximately 97.2% of the debt investment portfolio was priced at floating interest rates or floating interest rates with a Prime or LIBOR-based interest rate floor. As a result, we believe we are well positioned to benefit should market interest rates continue to rise.

In the majority of cases, we collateralize our investments by obtaining a first priority security interest in a portfolio company s assets, which may include its intellectual property. In other cases, we may obtain a negative pledge covering a company s intellectual property. As of June 30, 2018, approximately 85.9% of our debt investments were in a senior secured first lien position, with 49.2% secured by a first priority security in all of the assets of the portfolio company, including its intellectual property, 29.3% secured by a first priority security in all of the assets of the portfolio company and the portfolio company was prohibited from pledging or encumbering its intellectual property, 1.4% of our debt investments were senior secured by the equipment of the portfolio company, and 6.1% were in a first lien last-out senior secured position with security interest in all of the assets of the portfolio company, whereby the last-out loans will be subordinated to the first-out portion of the unitranche loan in a liquidation, sale or other disposition. Another 13.5% of our debt investments were secured by a second priority security interest in all of the portfolio company s assets, and 0.6% were unsecured.

Our investments in senior secured debt with warrants have detachable equity enhancement features, typically in the form of warrants or other equity-related securities designed to provide us with an opportunity for capital appreciation. These features are treated as original issue discount and are accreted into interest income over the term of the loan as a yield enhancement. Our warrant coverage generally ranges from 3% to 20% of the principal amount invested in a portfolio company, with a strike price generally equal to the most recent equity financing round. As of June 30, 2018, we held warrants in 133 portfolio companies, with a fair value of approximately $34.4 million. The fair value of our warrant portfolio decreased by approximately $2.4 million, as compared to a fair value of $36.8 million at December 31, 2017 primarily related to the slight decrease in portfolio companies and valuation of the portfolio.

Our existing warrant holdings would require us to invest approximately $79.6 million to exercise such warrants as of June 30, 2018. Warrants may appreciate or depreciate in value depending largely upon the underlying portfolio company s performance and overall market conditions. Of the warrants that we have

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monetized since inception, we have realized multiples in the range of approximately 1.02x to 29.06x based on the historical rate of return on our investments. However, our warrants may not appreciate in value and, in fact, may decline in value. Accordingly, we may experience losses from our warrant portfolio.

Portfolio Grading

We use an investment grading system, which grades each debt investment on a scale of 1 to 5 to characterize and monitor our expected level of risk on the debt investments in our portfolio with 1 being the highest quality. The following table shows the distribution of our outstanding debt investments on the 1 to 5 investment grading scale at fair value as of June 30, 2018 and December 31, 2017, respectively:

(in thousands)	**June 30, 2018**			**December 31, 2017**		
Investment Grading	**Number of Companies**	**Debt Investments at Fair Value**	**Percentage of Total Portfolio**	**Number of Companies**	**Debt Investments at Fair Value**	**Percentage of Total Portfolio**
1	14	$ 247,542	16.0%	12	$ 345,191	24.4%
2	43	791,931	51.2%	32	583,017	41.2%
3	25	463,702	30.0%	32	443,775	31.3%
4	4	41,960	2.7%	4	41,744	2.9%
5	2	862	0.1%	5	2,257	0.2%
	88	$ 1,545,997	100.0%	85	$ 1,415,984	100.0%

As of June 30, 2018, our debt investments had a weighted average investment grading of 2.21 on a cost basis, as compared to 2.17 at December 31, 2017. Our policy is to lower the grading on our portfolio companies as they approach the point in time when they will require additional equity capital. Additionally, we may downgrade our portfolio companies if they are not meeting our financing criteria or are underperforming relative to their respective business plans. Various companies in our portfolio will require additional funding in the near term or have not met their business plans and therefore have been downgraded until their funding is complete or their operations improve. The decline in weighted average investment grading at June 30, 2018 from December 31, 2017 is primarily due to the payoff of four positions with a credit rating 1 as well as the downgrade of three positions from a credit rating 2 to a credit rating 3. In addition, one position was downgraded to a credit rating 5, while four positions that were rated 5 as of December 31, 2017 were sold or liquidated during the period.

At June 30, 2018, we had two debt investments on non-accrual with a cumulative investment cost and fair value of approximately $2.8 million and $33,000, respectively. At December 31, 2017, we had five debt investments on non-accrual with cumulative investment cost and fair value of approximately $14.8 million and $340,000, respectively. The decrease in the cumulative cost of debt investments on non-accrual between June 30, 2018 and December 31, 2017 is the result of the liquidation of two debt investments that were on non-accrual at December 31, 2017, which resulted in a realized loss of approximately $10.3 million, slightly offset by a loan repayment in full from one debt investment.

Results of Operations

Comparison of the three and six months ended June 30, 2018 and 2017

Investment Income

Interest Income

Total investment income for the three months ended June 30, 2018 was approximately $49.6 million as compared to approximately $48.5 million for the three months ended June 30, 2017. Total investment income for the six months ended June 30, 2018 was approximately $98.3 million as compared to approximately $94.8 million for the six months ended June 30, 2017.

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Interest income for the three months ended June 30, 2018 totaled approximately $45.9 million as compared to approximately $40.5 million for the three months ended June 30, 2017. Interest income for the six months ended June 30, 2018 totaled approximately $88.9 million as compared to approximately $83.4 million for the six months ended June 30, 2017. The increase in interest income for the three and six months ended June 30, 2018 as compared to the same periods ended June 30, 2017, is primarily attributable to an increase in recurring interest income and an increase in the weighted average principal outstanding of loans.

Of the $45.9 million in interest income for the three months ended June 30, 2018, approximately $45.0 million represents recurring income from the contractual servicing of our loan portfolio and approximately $911,000 represents income related to the acceleration of income due to early loan repayments and other one-time events during the period. Income from recurring interest and the acceleration of interest income due to early loan repayments represented $37.9 million and $2.6 million, respectively, of the $40.5 million interest income for the three months ended June 30, 2017.

Of the $88.9 million in interest income for the six months ended June 30, 2018, approximately $84.3 million represents recurring income from the contractual servicing of our loan portfolio and approximately $4.6 million represents income related to the acceleration of income due to early loan repayments and other one-time events during the period. Income from recurring interest and the acceleration of interest income due to early loan repayments represented $77.9 million and $5.5 million, respectively, of the $83.4 million interest income for the six months ended June 30, 2017.

The following table shows the PIK-related activity for the six months ended June 30, 2018 and 2017, at cost:

	Six Months Ended June 30,	
(in thousands)	**2018**	**2017**
Beginning PIK interest receivable balance	$ 15,487	$ 9,930
PIK interest income during the period	4,621	4,666
PIK accrued (capitalized) to principal	(1,153)	
Payments received from PIK loans	(9,107)	(2,031)
Realized gain (loss)		
Ending PIK interest receivable balance	$ 9,848	$ 12,565

The slight decrease in PIK interest income during the six months ended June 30, 2018 as compared to the six months ended June 30, 2017 is due to a decrease in the weighted average principal outstanding of loans which bear PIK interest. This decrease is offset by an increase in the number of PIK loans which bear interest.

Fee Income

Fee income from commitment, facility and loan related fees for the three months ended June 30, 2018 totaled approximately $3.7 million as compared to approximately $7.9 million for the three months ended June 30, 2017. Fee income from commitment, facility and loan related fees for the six months ended June 30, 2018 totaled approximately $9.4 million as compared to approximately $11.5 million for the six months ended June 30, 2017. The decrease in fee income for both three and six months ended June 30, 2018 is primarily due to a decrease in the acceleration of unamortized fees and one-time fees due to early repayments.

Of the $3.7 million in fee income for the three months ended June 30, 2018, approximately $1.8 million represents income from recurring fee amortization and approximately $1.9 million represents income related to the acceleration of unamortized fees due to early repayments, including one-time fees of $1.7 million for the period. Income from recurring fee amortization and the acceleration of unamortized fees due to early loan repayments represented $1.4 million and $6.5 million, respectively, of the $7.9 million in income for the three months ended June 30, 2017.

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Of the $9.4 million in fee income for the six months ended June 30, 2018, approximately $3.1 million represents income from recurring fee amortization and approximately $6.3 million represents income related to the acceleration of unamortized fees due to early repayments, including one-time fees of $4.8 million for the period. Income from recurring fee amortization and the acceleration of unamortized fees due to early loan repayments represented $3.6 million and $7.9 million, respectively, of the $11.5 million in income for the six months ended June 30, 2017.

In certain investment transactions, we may earn income from advisory services; however, we had no income from advisory services in the three and six months ended June 30, 2018 or 2017.

Operating Expenses

Our operating expenses are comprised of interest and fees on our borrowings, general and administrative expenses and employee compensation and benefits. Our operating expenses totaled approximately $26.8 million and $23.2 million during the three months ended June 30, 2018 and 2017, respectively. Our operating expenses totaled approximately $49.4 million and $46.9 million during the six months ended June 30, 2018 and 2017, respectively.

Interest and Fees on our Borrowings

Interest and fees on our borrowings totaled approximately $13.2 million and $10.6 million for the three months ended June 30, 2018 and 2017, respectively, and approximately $23.8 million and $23.0 million during the six months ended June 30, 2018 and 2017, respectively. Interest and fee expense during the three and six months ended June 30, 2018, as compared to the three and six months ended June 30, 2017, increased due to the issuance of our 2022 Notes in October 2017, 2025 Notes in April 2018 and interest related to our credit facilities, offset by the partial redemptions of our 2024 Notes and amortization of our 2021 Asset-Backed Notes.

We had a weighted average cost of debt, comprised of interest and fees, of approximately 6.4% and 5.5% for the three months ended June 30, 2018 and 2017, respectively, and a weighted average cost of debt of approximately 5.8% and 6.5% for the six months ended June 30, 2018 and 2017, respectively. The increase in the weighted average cost of debt for the three months ended June 30, 2018, as compared to the same period ended June 30, 2017 is attributable to the one-time non-cash acceleration of unamortized fees due to the partial redemption of our 2024 Notes in April 2018. The decrease in the weighted average cost of debt for the six months ended June 30, 2018 is primarily driven by a reduction in the weighted average principal outstanding on our higher yielding debt instruments compared to the prior period.

General and Administrative Expenses

General and administrative expenses include legal fees, consulting fees, accounting fees, printer fees, insurance premiums, rent, expenses associated with the workout of underperforming investments and various other expenses. Our general and administrative expenses decreased to $3.7 million from $4.7 million for the three months ended June 30, 2018 and 2017. Our general and administrative expenses decreased to $7.7 million from $8.8 million for the six months ended June 30, 2018 and 2017. The decrease for both three and six months ended June 30, 2018 was primarily attributable to a reduction in corporate legal and other expenses.

Employee Compensation

Employee compensation and benefits totaled $7.0 million for the three months ended June 30, 2018 as compared to $5.9 million for the three months ended June 30, 2017, and $12.8 million for the six months ended June 30, 2018 as compared to $11.3 million for the six months ended June 30, 2017. The increase between the comparative periods was primarily due to increased salaries and changes in variable compensation expenses due to company performance objectives.

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Employee stock-based compensation totaled $2.9 million for the three months ended June 30, 2018 as compared to $1.9 million for the three months ended June 30, 2017, and $5.2 million for the six months ended June 30, 2018 as compared to $3.7 million for the six months ended June 30, 2017. The increase for the comparative periods was primarily related to restricted stock award vesting and retention rewards.

Net Investment Realized Gains and Losses and Net Unrealized Appreciation and Depreciation

Realized gains or losses are measured by the difference between the net proceeds from the repayment or sale and the cost basis of an investment without regard to unrealized appreciation or depreciation previously recognized, and includes investments written off during the period, net of recoveries. Net change in unrealized appreciation or depreciation primarily reflects the change in portfolio investment values during the reporting period, including the reversal of previously recorded unrealized appreciation or depreciation when gains or losses are realized.

A summary of realized gains and losses for the three and six months ended June 30, 2018 and 2017 is as follows:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
(in thousands)	**2018**	**2017**	**2018**	**2017**
Realized gains	$ 6,880	$ 5,083	$ 7,988	$ 11,553
Realized losses	(15,791)	(10,796)	(21,819)	(14,028)
Net realized gains (losses)	$ (8,911)	$ (5,713)	$ (13,831)	$ (2,475)

During the three and six months ended June 30, 2018 we recognized net realized losses of $8.9 million and $13.8 million, respectively. During the three months ended June 30, 2018, we recorded gross realized gains of $6.9 million primarily from the sale or acquisition of our holdings. These gains were offset by gross realized losses of $15.8 million primarily from the liquidation or write-off of our warrant and equity investments in seven portfolio companies and our debt investment in one portfolio company.

During the six months ended June 30, 2018, we recorded gross realized gains of $8.0 million primarily from the sale or acquisition of our holdings. These gains were offset by gross realized losses of $21.8 million primarily from the liquidation or write-off of our warrant and equity investments in thirteen portfolio companies and our debt investments in three portfolio companies

During the three and six months ended June 30, 2017, we recognized net realized losses of $5.7 million and $2.5 million respectively. During the three months ended June 30, 2017, we recorded gross realized gains of $5.1 million primarily from the sale of our holdings in one portfolio company. These gains were offset by gross realized losses of $10.8 million primarily from the liquidation or write-off of our warrant and equity investments in ten portfolio companies.

During the six months ended June 30, 2017, we recorded gross realized gains of $11.5 million primarily from the sale of our holdings in four portfolio companies. These gains were offset by gross realized losses of $14.0 million primarily from the liquidation or write-off of our warrant and equity investments in twelve portfolio companies and our debt investment in one portfolio company.

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The following table summarizes the change in net unrealized appreciation/depreciation of investments for the three and six months ended June 30, 2018 and 2017:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2018	2017	2018	2017
Gross unrealized appreciation on portfolio investments	$ 30,970	$ 68,389	$ 38,767	$ 87,867
Gross unrealized depreciation on portfolio investments	(14,819)	(61,292)	(44,367)	(109,562)
Reversal of prior period net unrealized appreciation (depreciation) upon a realization event	20,925	6,015	27,591	3,610
Net unrealized appreciation (depreciation) on debt, equity, and warrant investments	37,076	13,112	21,991	(18,085)
Other net unrealized appreciation (depreciation)	1,121	475	1,009	169
Total net unrealized appreciation (depreciation) on investments	$ 38,197	$ 13,587	$ 23,000	$ (17,916)

During the three months ended June 30, 2018, we recorded $38.2 million of net unrealized appreciation, of which $37.1 million was net unrealized depreciation from our debt, equity and warrant investments. We recorded $24.2 million of net unrealized appreciation on our debt investments which was attributable to $20.1 million of unrealized appreciation primarily due to the reversal of unrealized depreciation upon write-off of one portfolio company and loan repayments from three portfolio companies, along with $4.1 million of unrealized appreciation on the debt portfolio, including $1.8 million of unrealized appreciation on collateral-based impairments on one portfolio company.

We recorded $8.2 million of net unrealized appreciation on our equity investments and $4.7 million of net unrealized appreciation on our warrant investments during the three months ended June 30, 2018. This net unrealized appreciation of $12.9 million was primarily due to $12.1 million of unrealized appreciation on the equity and warrant portfolio investments.

During the six months ended June 30, 2018, we recorded $23.0 million of net unrealized appreciation, of which $22.0 million was net unrealized appreciation from our debt, equity and warrant investments. We recorded $15.9 million of net unrealized appreciation on our debt investments which was primarily related to $25.4 million of unrealized appreciation primarily due to the reversal of unrealized depreciation upon write-off of three portfolio companies and loan repayments from three portfolio companies. This unrealized appreciation was partially offset by $9.5 million of unrealized depreciation on the debt portfolio, including $8.3 million of unrealized depreciation on collateral-based impairments on four portfolio companies.

We recorded $4.1 million of net unrealized appreciation on our equity investments and $1.9 million of net unrealized appreciation on our warrant investments during the six months ended June 30, 2018. This net unrealized appreciation of $6.0 million was due to $3.9 million of unrealized appreciation on the equity and warrant portfolio and $2.1 million of unrealized appreciation primarily due to the reversal of unrealized depreciation upon being realized as a gain or loss due to the acquisition or liquidation of our equity and warrant investments.

During the three months ended June 30, 2017, we recorded $13.6 million of net unrealized appreciation, of which $13.2 million was net unrealized appreciation from our debt, equity and warrant investments. We recorded $50.9 million of net unrealized appreciation on our debt investments, which was primarily was attributed to the reversal of prior period collateral based impairments of $48.8 million unrealized depreciation for the prior period collateral-based impairments on two portfolio companies.

We recorded $42.9 million of net unrealized depreciation on our equity investments primarily due to the collateral-based impairment on one portfolio company, slightly offset by $6.8 million of unrealized appreciation

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for one portfolio company upon being realized as a gain. We also recorded $5.2 million of net unrealized appreciation on our warrant investments during the three months ended June 30, 2017.

During the six months ended June 30, 2017, we recorded $17.9 million of net unrealized depreciation, of which $18.0 million was net unrealized depreciation from our debt, equity and warrant investments. We recorded $19.7 million of net unrealized depreciation on our debt investments, which was primarily related to $38.5 million of unrealized depreciation for collateral-based impairments on seven portfolio companies offset by the reversal of $52.0 million unrealized depreciation for the prior period collateral-based impairments on three portfolio companies.

We recorded $45.7 million of net unrealized depreciation on our equity investments primarily due to $54.4 million of collateral based impairment on five portfolio companies and the reversal of approximately $2.1 million of unrealized appreciation for one portfolio company upon being realized as a gain. We also recorded $8.0 million of net unrealized appreciation on our warrant investments during six months ended June 30, 2017.

Income and Excise Taxes

We account for income taxes in accordance with the provisions of Topic 740 of the Financial Accounting Standards Board s (FASB) Accounting Standards Codification, as amended (ASC), Income Taxes , under which income taxes ar provided for amounts currently payable and for amounts deferred based upon the estimated future tax effects of differences between the financial statements and tax basis of assets and liabilities given the provisions of the enacted tax law. Valuation allowances may be used to reduce deferred tax assets to the amount likely to be realized. Based upon our previous election and anticipated continued qualification to be subject to taxation as a RIC, we are typically not subject to a material level of federal income taxes. We intend to distribute 100% of our spillover earnings from ordinary income for our taxable year ended December 31, 2017 to our stockholders in 2018.

Net Change in Net Assets Resulting from Operations and Earnings Per Share

For the three months ended June 30, 2018, we had a net increase in net assets resulting from operations of approximately $52.1 million and for the three months ended June 30, 2017, we had a net increase in net assets resulting from operations of approximately $33.1 million. For the six months ended June 30, 2018, we had a net increase in net assets resulting from operations of approximately $58.0 million and for the six months ended June 30, 2017, we had a net increase in net assets resulting from operations of approximately $27.6 million.

Both the basic and fully diluted net change in net assets per common share were $0.59 per share for the three months ended June 30, 2018 and $0.67 per share for the six months ended June 30, 2018. Both the basic and fully diluted net change in net assets per common share were $0.40 per share and $0.33 per share for the three and six months ended June 30, 2017.

For the purpose of calculating diluted earnings per share for three and six months ended June 30, 2018 and 2017, the effect of the 2022 Convertible Notes, outstanding options, and restricted stock units under the treasury stock method was considered. The effect of the 2022 Convertible Notes was excluded from these calculations for the three and six months ended June 30, 2018 and 2017 as our share price was less than the conversion price in effect which results in anti-dilution.

Financial Condition, Liquidity, and Capital Resources

Our liquidity and capital resources are derived from our SBA debentures, 2022 Notes, 2024 Notes, 2025 Notes, 2021 Asset-Backed Notes, 2022 Convertible Notes, Credit Facilities and cash flows from operations, including investment sales and repayments, and income earned. Our primary use of funds from operations includes investments in portfolio companies and payments of fees and other operating expenses we incur. We have used, and expect to continue to use, our borrowings and the proceeds from the turnover of our portfolio and from public and private offerings of securities to finance our investment objectives. We may also raise additional equity or debt capital through registered offerings off a shelf registration, ATM and private offerings of securities, by securitizing a portion of our investments, or by borrowing from the SBA through our SBIC subsidiaries.

On August 16, 2013, we entered into an ATM equity distribution agreement with JMP (the Prior Equity Distribution Agreement). On March 7, 2016, we renewed the Prior Equity Distribution Agreement and on December 21, 2016, we further amended the agreement to increase the total shares available under the program. The Prior Equity Distribution Agreement, as amended, provided that we may offer and sell up to 12.0 million shares of our common stock from time to time through JMP, as our sales agent.

On September 7, 2017, we terminated the Prior Equity Distribution Agreement and entered into the Equity Distribution Agreement. As a result, the remaining shares that were available under the Prior Equity Distribution agreement are no longer available for issuance. The Equity Distribution Agreement provides that the Company may offer and sell up to 12.0 million shares of its common stock from time to time through JMP, as its sales agent. Sales of the Company s common stock, if any, may be made in negotiated transactions or transactions that are deemed to be at the market, as defined in Rule 415 under the Securities Act, including sales made directly on the NYSE or similar securities exchange or sales made to or through a market maker other than on an exchange, at prices related to the prevailing market prices or at negotiated prices.

During the six months ended June 30, 2018, we sold 2.6 million shares of common stock, which were issued under the Equity Distribution Agreement, for a total accumulated net proceeds of approximately $31.4 million, including $877,000 of offering expenses. As of June 30, 2018, approximately 7.8 million shares remain available for issuance and sale under the Equity Distribution Agreement. See Subsequent Events.

Our 6.00% convertible notes due 2016 (the 2016 Convertible Notes) were fully settled on or before their contractual maturity date of April 15, 2016. Throughout the life of the 2016 Convertible Notes, holders of approximately $74.8 million of our 2016 Convertible Notes exercised their conversion rights. These 2016 Convertible Notes were settled with a combination of cash equal to the outstanding principal amount of the converted notes and approximately 1.6 million shares of our common stock, or $24.3 million.

On May 2, 2016, we closed an underwritten public offering of an additional $72.9 million in aggregate principal amount of our 2024 Notes. The $72.9 million in aggregate principal amount includes $65.4 million from the initial offering on April 21, 2016 and $7.5 million as a result of underwriters exercising a portion of their option to purchase up to an additional $9.8 million in aggregate principal to cover overallotments on April 29, 2016. On June 27, 2016, we closed an underwritten public offering of an additional $60.0 million in aggregate principal amount of the 2024 Notes. On June 30, 2016, the underwriters exercised their option to purchase up to an additional $9.0 million in aggregate principal to cover overallotments, resulting in total aggregate principal of $69.0 million from the offering. The 2024 Notes rank equally in right of payment and form a single series of notes.

On May 5, 2016, we, through a special purpose wholly-owned subsidiary, Hercules Funding III LLC, as borrower, entered the Union Bank Facility. The Union Bank Facility replaced our credit facility (the Prior Union Bank Facility) entered into on August 14, 2014 (as amended and restated from time to time) with MUFG Union Bank, N.A., as the arranger and administrative agent, and the lenders party to the Prior Union Bank Facility from time to time. Any references to amounts related to the Union Bank Facility prior to May 5, 2016 were incurred and relate to the Prior

Union Bank Facility.

On October 11, 2016, we entered into a debt distribution agreement, pursuant to which we may offer for sale, from time to time, up to $150.0 million in aggregate principal amount of 2024 Notes through FBR Capital

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Markets & Co. acting as our sales agent. Sales of the 2024 Notes, if any, may be made in negotiated transactions or transactions that are deemed to be at the market offerings as defined in Rule 415 under the Securities Act, including sales made directly on the NYSE, or similar securities exchange or sales made through a market maker other than on an exchange at prices related to prevailing market prices or at negotiated prices.

We did not sell any notes under the program during the three months ended June 30, 2018. During the year ended December 31, 2017, we sold 225,457 notes for approximately $5.6 million in aggregate principal amount. As of June 30, 2018, approximately $136.4 million in aggregate principal amount remains available for issuance and sale under the debt distribution agreement.

On January 25, 2017, we issued $230.0 million in aggregate principal amount of 2022 Convertible Notes, which amount includes the additional $30.0 million aggregate principal amount issued pursuant to the initial purchaser s exercise in full of its overallotment option. The sale generated net proceeds of approximately $225.5 million, including $4.5 million of debt issuance costs. Aggregate issuances costs include the initial purchaser s discount of approximately $5.2 million, offset by the reimbursement of $1.2 million by the initial purchaser.

On February 24, 2017, we redeemed the $110.4 million remaining outstanding balance of our 2019 Notes in full.

On October 23, 2017, we issued $150.0 million in aggregate principal amount of the 2022 Notes pursuant to an indenture, dated September 7, 2017, between us and U.S. Bank, National Association, as trustee. The sale of the 2022 Notes generated net proceeds of approximately $147.4 million, including a public offering discount of $826,500. Aggregate estimated offering expenses in connection with the transaction, including the underwriter s discount and commissions of approximately $975,000, were approximately $1.8 million.

On November 23, 2017, we redeemed $75.0 million of the $258.5 million issued and outstanding aggregate principal amount of our 2024 Notes. On April 2, 2018, we redeemed an additional $100.0 million of the remaining outstanding aggregate principal amount of the 2024 Notes.

On April 26, 2018, we issued $75.0 million in aggregate principal amount of the 2025 Notes pursuant to the Fifth Supplemental Indenture to the Base Indenture, dated April 26, 2018, between the Company and U.S. Bank, National Association, as trustee. The sale of the 2025 Notes generated net proceeds of approximately $72.6 million. Aggregate estimated offering expenses in connection with the transaction, including the underwriter s discount and commissions were approximately $2.4 million.

On May 25, 2018, we entered into the Second Amendment (the Amendment) to the Union Bank Facility. The Amendment amends certain provisions of the Union Bank Facility to increase the commitments thereunder from $75.0 million to $100.0 million.

On June 14, 2018, we closed an underwritten public offering of 6.9 million shares of common stock, including an over-allotment option to purchase an additional 900,000 shares of common stock. The offering generated net proceeds, before expenses, of $81.3 million, including the underwriting discount and commissions of $2.6 million.

At June 30, 2018, we had $190.2 million of SBA debentures, $150.0 million of 2022 Notes, $83.5 million of 2024 Notes, $75.0 million of 2025 Notes, $31.1 million of 2021 Asset-Backed Notes, and $230.0 million of 2022 Convertible Notes payable, and $58.3 million of borrowings outstanding on the Union Bank Facility. We had no borrowings outstanding under the Wells Facility.

At June 30, 2018, we had $221.2 million in available liquidity, including $59.5 million in cash and cash equivalents. We had available borrowing capacity of $120.0 million under the Wells Facility and $41.7 million under the Union Bank Facility, both subject to existing terms and advance rates and regulatory requirements. We primarily invest cash on hand in interest bearing deposit accounts.

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At June 30, 2018, we had $118.5 million of capital outstanding in restricted accounts related to our SBIC that we may use to fund new investments in the SBIC. With our net investments of $44.0 million and $74.5 million in HT II and HT III, respectively, we have the combined capacity to issue a total of $190.2 million of SBA guaranteed debentures, subject to SBA approval. At June 30, 2018, we have issued $190.2 million in SBA guaranteed debentures in our SBIC subsidiaries. On July 13, 2018, we fully redeemed the principal outstanding on our SBA HT II debentures.

At June 30, 2018, we had approximately $15.9 million of restricted cash, which consists of collections of interest and principal payments on assets that are securitized. In accordance with the terms of the related securitized 2021 Asset-Backed Notes, based on current characteristics of the securitized debt investment portfolios, the restricted funds may be used to pay monthly interest and principal on the securitized debt and are not distributed to us or available for our general operations.

During the six months ended June 30, 2018, we principally funded our operations from (i) cash receipts from interest, dividend and fee income from our investment portfolio and (ii) cash proceeds from the realization of portfolio investments through the repayments of debt investments and the sale of debt and equity investments.

During the six months ended June 30, 2018, our operating activities used $93.9 million of cash and cash equivalents, compared to $67.6 million provided during the six months ended June 30, 2017. This $161.5 million increase in cash used in operating activities is primarily related to an increase in investment purchases of $223.1 million, partially offset by an increase in investment repayments of $64.8 million.

During the six months ended June 30, 2018, our investing activities used approximately $116,000 of cash, compared to $89,000 used during the six months ended June 30, 2017.

During the six months ended June 30, 2018, our financing activities provided $74.3 million of cash, compared to $88.8 million provided during the six months ended June 30, 2017. $14.4 million decrease in cash provided by financing activities was primarily due to the repayment of $100.0 million of our 2024 Notes in April 2018, an increase of $63.3 million of net credit facilities repayments, offset by the increase in issuance of our common stock of $65.7 million and the issuance of $75.0 million of our 2025 Notes in April 2018.

As of June 30, 2018, net assets totaled $963.7 million, with a NAV per share of $10.22. We intend to continue to operate in order to generate cash flows from operations, including income earned from investments in our portfolio companies. Our primary use of funds will be investments in portfolio companies and cash distributions to holders of our common stock.

As required by the 1940 Act, our asset coverage must be at least 200% through September 4, 2019 and 150% thereafter (or earlier if our stockholders approve the proposal to accelerate the application of the reduced asset coverage requirements to us) after each issuance of senior securities. As of June 30, 2018 our asset coverage ratio under our regulatory requirements as a business development company was 252.7% excluding our SBA debentures as a result of our exemptive order from the SEC that allows us to exclude all SBA leverage from our asset coverage ratio. As a result of the SEC exemptive order, our ratio of total assets on a consolidated basis to outstanding indebtedness may be less than 200% through September 4, 2019 and 150% thereafter (or earlier if our stockholders approve the proposal to accelerate the application of the reduced asset coverage requirements to us), which while providing increased investment flexibility, also may increase our exposure to risks associated with leverage. Total asset coverage ratio when including our SBA debentures was 217.2% at June 30, 2018.

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Outstanding Borrowings

At June 30, 2018 and December 31, 2017, we had the following available borrowings and outstanding amounts:

	June 30, 2018			December 31, 2017		
(in thousands)	**Total Available**	**Principal**	**Carrying Value[(1)]**	**Total Available**	**Principal**	**Carrying Value[(1)]**
SBA Debentures[(2)]	$ 190,200	$ 190,200	$ 188,457	$ 190,200	$ 190,200	$ 188,141
2022 Notes	150,000	150,000	147,728	150,000	150,000	147,572
2024 Notes	83,510	83,510	81,694	183,510	183,510	179,001
2025 Notes	75,000	75,000	72,616			
2021 Asset-Backed Notes	31,088	31,088	30,698	49,153	49,153	48,650
2022 Convertible Notes	230,000	230,000	224,269	230,000	230,000	223,488
Wells Facility[(3)]	120,000			120,000		
Union Bank Facility[(3)]	100,000	58,323	58,323	75,000		
Total	$ 979,798	$ 818,121	$ 803,785	$ 997,863	$ 802,863	$ 786,852

(1) Except for the Wells Facility and Union Bank Facility, all carrying values represent the principal amount outstanding less the remaining unamortized debt issuance costs and unaccreted discount, if any, associated with the loan as of the balance sheet date. See below for the amount of debt issuance cost associated with each borrowing.

(2) At both June 30, 2018 and December 31, 2017, the total available borrowings under the SBA debentures were $190.2 million, of which $41.2 million was available in HT II and $149.0 million was available in HT III.

(3) Availability subject to us meeting the borrowing base requirements.

Debt issuance costs are fees and other direct incremental costs we incur in obtaining debt financing and are recognized as prepaid expenses and amortized over the life of the related debt instrument using the effective yield method or the straight line method, which closely approximates the effective yield method. In accordance with ASC Subtopic 835-30 (Interest Imputation of Interest), debt issuance costs are presented as a reduction to the associated liability balance on the Consolidated Statement of Assets and Liabilities, except for debt issuance costs associated with line-of-credit arrangements. Debt issuance costs, net of accumulated amortization, as of June 30, 2018 and December 31, 2017 were as follows:

(in thousands)	**June 30, 2018**	**December 31, 2017**
SBA Debentures	$ 1,743	$ 2,059
2022 Notes	1,559	1,633
2024 Notes	1,871	4,591
2025 Notes	416	
2021 Asset-Backed Notes	390	503
2022 Convertible Notes	3,269	3,715

Wells Facility[1]		188		227
Union Bank Facility[1]		273		379
Total	$	9,709	$	13,107

(1) As the Wells Facility and Union Bank Facility are line-of-credit arrangements, the debt issuance costs associated with these instruments are presented separately as an asset on the Consolidated Statement of Assets and Liabilities in accordance with ASC Subtopic 835-30.

Refer to Note 4 Borrowings included in the notes to our consolidated financial statements appearing elsewhere in this prospectus supplement for a discussion of the contract terms, interest expense, and fees associated with each outstanding borrowing as of and for the three and six months ended June 30, 2018.

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Commitments

In the normal course of business, we are party to financial instruments with off-balance sheet risk. These consist primarily of unfunded contractual commitments to extend credit, in the form of loans, to our portfolio companies. Unfunded contractual commitments to provide funds to portfolio companies are not reflected on our balance sheet. Our unfunded contractual commitments may be significant from time to time. A portion of these unfunded contractual commitments are dependent upon the portfolio company reaching certain milestones before the debt commitment becomes available. Furthermore, our credit agreements contain customary lending provisions which allow us relief from funding obligations for previously made commitments in instances where the underlying company experiences materially adverse events that affect the financial condition or business outlook for the company. These commitments will be subject to the same underwriting and ongoing portfolio maintenance as are the on-balance sheet financial instruments that we hold. Since these commitments may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements. As such, our disclosure of unfunded contractual commitments includes only those which are available at the request of the portfolio company and unencumbered by milestones.

At June 30, 2018, we had approximately $129.7 million of unfunded commitments, including undrawn revolving facilities, which were available at the request of the portfolio company and unencumbered by milestones. We intend to use cash flow from normal and early principal repayments, and proceeds from borrowings and notes to fund these commitments.

We also had approximately $80.0 million of non-binding term sheets outstanding to two new and one existing company, which generally convert to contractual commitments within approximately 90 days of signing. Non-binding outstanding term sheets are subject to completion of our due diligence and final investment committee 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.

The fair value of our unfunded commitments is considered to be immaterial as the yield determined at the time of underwriting is expected to be materially consistent with the yield upon funding, given that interest rates are generally pegged to market indices and given the existence of milestones, conditions and/or obligations imbedded in the borrowing agreements.

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As of June 30, 2018, our unfunded contractual commitments available at the request of the portfolio company, including undrawn revolving facilities, and unencumbered by milestones are as follows:

(in thousands) Portfolio Company	Unfunded Commitments(1)
ThumbTack, Inc.	$ 25,000
Tricida, Inc.	25,000
Contentful, Inc.	15,000
Impossible Foods, Inc.	15,000
Chemocentryx, Inc.	10,000
Proterra, Inc.	10,000
Evernote Corporation	7,500
Businessolver.com, Inc.	6,375
Achronix Semiconductor Corporation	5,000
Xometry, Inc.	4,000
Emma, Inc.	2,963
First Insight, Inc.	1,500
Lithium Technologies, Inc.	878
Greenphire, Inc.	500
Insurance Technologies Corporation	500
Salsa Labs, Inc.	500
Total	$ 129,716

(1) Amount represents unfunded commitments, including undrawn revolving facilities, which are available at the request of the portfolio company. Amount excludes unfunded commitments which are unavailable due to the borrower having not met certain milestones.

Contractual Obligations

The following table shows our contractual obligations as of June 30, 2018:

	Payments due by period (in thousands)				
Contractual Obligations(1)	**Total**	**Less than 1 year**	**1 - 3 years**	**3 - 5 years**	**After 5 years**
Borrowings(2)(3)(5)	$ 818,121	$ 72,288	$ 97,073	$ 490,250	$ 158,510
Operating Lease Obligations(4)	16,655	2,352	5,614	5,868	2,821
Total	$ 834,776	$ 74,640	$ 102,687	$ 496,118	$ 161,331

(1) Excludes commitments to extend credit to our portfolio companies.
(2) Includes $190.2 million in principal outstanding under the SBA debentures, $150.0 million of the 2022 Notes, $83.5 million of the 2024 Notes, $75.0 million of the 2025 Notes, $31.1 million of the 2021 Asset-Backed Notes, $230.0 million of the 2022 Convertible Notes and $58.3 million under the Union Bank Facility as of June 30, 2018.
(3) Amounts represent future principal repayments and not the carrying value of each liability. See Note 4 to our consolidated financial statements appearing elsewhere in this prospectus supplement.
(4) Facility leases and licenses.
(5) Reflects our intention to repay the remaining outstanding debentures in HT II in Q3 2018. See Subsequent Events.

Certain premises are leased or licensed under agreements which expire at various dates through June 2027. Total rent expense amounted to approximately $510,000 and $961,000 during the three and six months ended June 30, 2018. Total rent expense amounted to approximately $449,000 and $893,000 during the three and six months ended June 30, 2017.

Indemnification Agreements

We have entered into indemnification agreements with our directors and executive officers. The indemnification agreements are intended to provide our directors and executive officers the maximum

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indemnification permitted under Maryland law and the 1940 Act. Each indemnification agreement provides that we shall indemnify the director or executive officer who is a party to the agreement, or an Indemnitee, including the advancement of legal expenses, if, by reason of his or her corporate status, the Indemnitee is, or is threatened to be, made a party to or a witness in any threatened, pending, or completed proceeding, to the maximum extent permitted by Maryland law and the 1940 Act.

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

Distributions

The following table summarizes our distributions declared and paid, to be paid, or reinvested on all shares, including restricted stock, to date:

Date Declared	Record Date	Payment Date	Amount Per Share
Cumulative distributions declared and paid prior to January 1, 2016			$ 11.23
February 17, 2016	March 7, 2016	March 14, 2016	0.31
April 27, 2016	May 16, 2016	May 23, 2016	0.31
July 27, 2016	August 15, 2016	August 22, 2016	0.31
October 26, 2016	November 14, 2016	November 21, 2016	0.31
February 16, 2017	March 6, 2017	March 13, 2017	0.31
April 26, 2017	May 15, 2017	May 22, 2017	0.31
July 26, 2017	August 14, 2017	August 21, 2017	0.31
October 25, 2017	November 13, 2017	November 20, 2017	0.31
February 14, 2018	March 5, 2018	March 12, 2018	0.31
April 25, 2018	May 14, 2018	May 21, 2018	0.31
July 25, 2018	August 13, 2018	August 20, 2018	0.31
			$ 14.64

On July 25, 2018, the Board of Directors declared a cash distribution of $0.31 per share to be paid on August 20, 2018 to stockholders of record as of August 13, 2018. This distribution represents our fifty-second consecutive distribution since our initial public offering, bringing the total cumulative distribution to date to $14.64 per share.

Our Board of Directors maintains a variable distribution policy with the objective of distributing four quarterly distributions in an amount that approximates 90 100% of our taxable quarterly income or potential annual income for a particular taxable year. In addition, at the end of our taxable year, our Board of Directors may choose to pay an additional special distribution, or fifth distribution, so that we may distribute approximately all of our annual taxable income in the taxable year in which it was earned, or may elect to maintain the option to spill over our excess taxable income into the following taxable year as part of any future distribution payments.

Distributions from our taxable income (including gains) to a stockholder generally will be treated as a dividend for U.S. federal income tax purposes to the extent of such stockholder s allocable share of our current or accumulated earnings and profits. Distributions in excess of our current and accumulated earnings and profits would generally be treated first as a return of capital to the extent of a stockholder s tax basis in our shares, and any remaining distributions would be treated as a capital gain. The determination of the tax attributes of our distributions is made annually as of the end of our taxable year based upon our taxable income for the full taxable year and distributions paid for the full taxable year. As a result, any determination of the tax attributes of our distributions made on a quarterly basis may not be representative of the actual tax attributes of the Company s distributions for a full taxable year. Of the distributions declared during the year ended December 31, 2017, 100% were distributions derived from our current and accumulated earnings and profits.

During the three months ended June 30, 2018, we declared a distribution of $0.31 per share. If we had determined the tax attributes of our distributions year-to-date as of June 30, 2018, 100% would be from our current and accumulated earnings and profits. However, there can be no certainty to stockholders that this determination is representative of what the tax attributes of our 2018 distributions to stockholders will actually be.

We maintain 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 distribution, then our stockholders who have not opted out of our dividend reinvestment plan will have their cash distribution automatically reinvested in additional shares of our common stock, rather than receiving the cash distributions.

Shortly after the close of each calendar year information identifying the source of the distribution (i.e., paid from ordinary income, paid from net capital gains on the sale of securities, and/or a return of paid-in-capital surplus which is a nontaxable distribution, if any) will be provided to our stockholders subject to information reporting. To the extent our taxable earnings fall below the total amount of our distributions for any taxable year, a portion of those distributions may be deemed a tax return of capital to our stockholders.

We expect to qualify to be subject to tax as a RIC under Subchapter M of the Code. In order to be subject to tax as a RIC, we are required to satisfy certain annual gross income and quarterly asset composition tests, as well as make distributions to our stockholders each taxable year treated as dividends for federal income tax purposes of an amount at least equal to 90% of the sum of our investment company taxable income, determined without regard to any deduction for dividends paid, plus our net tax-exempt income, if any. Upon being eligible to be subject to tax as a RIC, we would be entitled to deduct such distributions we pay to our stockholders in determining the overall components of our taxable income. Components of our taxable income include our taxable interest, dividend and fee income, reduced by certain deductions, as well as taxable net realized securities 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 such gains or losses are not included in taxable income until they are realized. In connection with maintaining our ability to be subject to tax as a RIC, among other things, we have made and intend to continue to make the requisite distributions to our stockholders each taxable year, which generally should relieve us from corporate-level U.S. federal income taxes.

As a RIC, we will be subject to a 4% nondeductible U.S. federal excise tax on certain undistributed income and gains unless we make distributions treated as dividends for U.S. federal income tax purposes in a timely manner to our stockholders in respect of each calendar year of an amount at least equal to the sum of (1) 98% of our ordinary income (taking into account certain deferrals and elections) for each calendar year, (2) 98.2% of our capital gain net income (adjusted for certain ordinary losses) for the 1-year period ending October 31 of each such calendar year and (3) any ordinary income and capital gain net income realized, but not distributed, in preceding calendar years. We will not be subject to this excise tax on any amount on which we incurred U.S. federal corporate income tax (such as the tax imposed on a RIC s retained net capital gains).

Depending on the level of taxable income earned in a taxable year, we may choose to carry over taxable income in excess of current taxable year distributions treated as dividends for U.S. federal income tax purposes from such taxable income into the next taxable year and incur a 4% excise tax on such taxable income, as required. The maximum amount of excess taxable income that may be carried over for distribution in the next taxable year under the Code is the total amount of distributions treated as dividends for U.S. federal income tax purposes paid in the following taxable year, subject to certain declaration and payment guidelines. To the extent we choose to carry over taxable income into the next taxable year, distributions declared and paid by us in a taxable year may differ from our taxable income for that taxable year as such distributions may include the distribution of current taxable year taxable income, the distribution of prior taxable year taxable income carried over into and distributed in the current taxable year, or returns of capital.

We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, if we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings. Our ability to make distributions will be limited by the asset coverage requirements under the 1940 Act.

We intend to distribute 100% of our spillover earnings, which consists of ordinary income, from the year ended December 31, 2017 to our stockholders during 2018.

Critical Accounting Policies

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and revenues and expenses during the period reported. On an ongoing basis, our management evaluates its estimates and assumptions, which are based on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ from those estimates. Changes in our estimates and assumptions could materially impact our results of operations and financial condition.

Reclassification

Certain balances from prior years have been reclassified in order to conform to the current year presentation.

Valuation of Investments

The most significant estimate inherent in the preparation of our consolidated financial statements is the valuation of investments and the related amounts of unrealized appreciation and depreciation of investments recorded.

At June 30, 2018, approximately 94.9% of our total assets represented investments in portfolio companies whose fair value is determined in good faith 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. Our investments are carried at fair value in accordance with the 1940 Act and ASC Topic 946 and measured in accordance with ASC Topic 820. Our debt securities are primarily invested in venture capital-backed companies in technology-related industries including technology, drug discovery and development, biotechnology, life sciences, healthcare and sustainable and renewable technology at all stages of development. Given the nature of lending to these types of businesses, substantially all of our investments in these portfolio companies are considered Level 3 assets under ASC Topic 820 because there is no known or accessible market or market indexes for these investment securities to be traded or exchanged. As such, we value substantially all of our investments at fair value as determined in good faith pursuant to a consistent valuation policy by our Board of Directors in accordance with the provisions of ASC Topic 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 our investments determined in good faith by our Board of Directors may differ significantly from the value that would have been used had a readily available market existed for such investments, and the differences could be material.

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We may from time to time engage an independent valuation firm to provide us with valuation assistance with respect to certain of our portfolio investments. We engage independent valuation firms on a discretionary basis. Specifically, on a quarterly basis, we will identify portfolio investments with respect to which an independent valuation firm will assist in valuing. We select these portfolio investments based on a number of factors, including, but not limited to, the potential for material fluctuations in valuation results, credit quality and the time lapse since the last valuation of the portfolio investment by an independent valuation firm.

We intend to continue to engage an independent valuation firm to provide us with assistance regarding our 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 the services rendered by an independent valuation firm is at the discretion of the Board of Directors. Our Board of Directors is ultimately, and solely, responsible for determining the fair value of our investments in good faith.

Refer to Note 2 Summary of Significant Accounting Policies included in the notes to our consolidated financial statements appearing elsewhere in this prospectus supplement for a discussion of our valuation policies for the three and six months ended June 30, 2018.

Income Recognition

See Changes in Portfolio for a discussion of our income recognition policies and results during the three and six months ended June 30, 2018. See Results of Operations for a comparison of investment income for the three and six months ended June 30, 2018 and 2017.

Stock Based Compensation

We have issued and may, from time to time, issue stock options and restricted stock to employees under the Hercules Capital, Inc. Amended and Restated 2018 Equity Incentive Plan and the Hercules Capital, Inc. 2018 Non-employee Director Plan. We follow the guidelines set forth under ASC Topic 718, (Compensation Stock Compensation) to account for stock options granted. Under ASC Topic 718, 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.

Recent Accounting Pronouncements

In January 2016, the FASB issued Accounting Standards Update (ASU) 2016-01, Financial Instruments Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, which, among other things, requires that (i) all equity investments, other than equity-method investments, in unconsolidated entities generally be measured at fair value through earnings and (ii) an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. Additionally, the ASU changes the disclosure requirements for financial instruments. ASU 2016-01 is effective for annual reporting periods, and the interim periods within those periods, beginning after December 15, 2017. We have adopted this standard, which did not have a material impact, on our consolidated financial statements and related disclosures for the periods presented.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which, among other things, requires recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. Additionally, the ASU requires the classification of all cash payments on leases within operating activities in the Consolidated Statement of Cash Flows. ASU 2016-02 is effective for annual

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reporting periods, and the interim periods within those periods, beginning after December 15, 2018. Early adoption is permitted. We anticipate an increase in the recognition of right-of-use assets and lease liabilities, however, we do not believe that ASU 2016-02 will have a material impact on our consolidated financial statements and disclosures.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments, which addresses eight specific cash flow issues including, among other things, the classification of debt prepayment or debt extinguishment costs. ASU 2016-15 is effective for annual reporting periods, and the interim periods within those periods, beginning after December 15, 2017. We have adopted this standard, which did not have a material impact, on our consolidated financial statements and related disclosures for the periods presented.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230), which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The new guidance is effective for interim and annual periods beginning after December 15, 2017. We have adopted this standard, which did not have a material impact, on our consolidated financial statements and related disclosures for the periods presented.

In June 2018, the FASB issued ASU 2018-07, Compensation Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting . This amendment expands the scope of Topic 718, Compensation Stock Compensation (which currently only includes share-based payments to employees) to include share-based payments issued to nonemployees for goods or services. Consequently, the accounting for share-based payments to nonemployees and employees will be substantially aligned. ASU 2018-07 supersedes Subtopic 505-50, Equity Equity-Based Payments to Non-Employees and is effective for annual reporting periods, and the interim periods within those periods, beginning after December 15, 2018. We do not believe that ASU 2018-07 will have a material impact on our consolidated financial statements and disclosures.

Subsequent Events

Reduced Asset Coverage Requirements

The SBCAA, which was signed into law in March 2018, decreased the minimum asset coverage ratio in Section 61(a) of the 1940 Act for business development companies from 200% to 150% (subject to either stockholder approval or approval of both a majority of the board of directors and a majority of directors who are not interested persons). On September 4, 2018, our Board of Directors, including a required majority (as such term is defined in Section 57(o) of the 1940 Act), approved the application to us of the 150% minimum asset coverage ratio set forth in Section 61(a)(2) of the 1940 Act. As a result, the minimum asset coverage ratio applicable to us will be reduced from 200% to 150%, effective as of September 4, 2019, unless approved earlier by a vote of our stockholders, in which case the 150% minimum asset coverage ratio will be effective on the day after such approval. Our Board of Directors also authorized the submission of a proposal for stockholders to accelerate the application of the 150% minimum asset coverage ratio to us at a special meeting of stockholders. As a result of our Board of Director s approval, effective as of September 4, 2019 (or earlier if our stockholders approve the proposal to accelerate the application of the reduced asset coverage requirements to us), we will be able to incur additional indebtedness and, therefore, your risk of an investment in us may increase. In connection with the change in minimum coverage ratio, S&P lowered our rating to a non-investment grade rating, and we terminated our ratings agreement with S&P. On September 6, 2018, DBRS, Inc. assigned us an investment grade rating. Other rating agencies may also decide to review our credit ratings and those of other business development companies in light of this new law as well as any corresponding changes to asset coverage ratios and consider downgrading such ratings, including a downgrade from an investment grade rating to a non-investment grade rating. Such a downgrade in our credit ratings may adversely

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affect our securities. See Supplementary Risk Factors Risks Related to the Notes A downgrade, suspension or withdrawal of a credit rating assigned by a rating agency to us or our unsecured debt, if any, or change in the debt markets could cause the liquidity or market value of the Notes to decline significantly in this prospectus supplement and Risk Factors Risks Related to Our Securities A downgrade, suspension or withdrawal of the credit rating assigned by a rating agency to us or our debt securities, if any, or change in the debt markets could cause the liquidity or market value of our debt securities to decline significantly in the accompanying prospectus.

Distribution Declaration

On July 25, 2018, our Board of Directors declared a cash distribution of $0.31 per share, which was paid on August 20, 2018 to stockholders of record as of August 13, 2018. This distribution represents our fifty-second consecutive distribution since our initial public offering, bringing the total cumulative distribution to date to $14.64 per share.

ATM Equity Program Issuances

Subsequent to June 30, 2018 and as of September 13, 2018, we sold 2.2 million shares of common stock for total accumulated net proceeds of approximately $28.6 million, including $229,000 of offering expenses, under the Equity Distribution Agreement. As of September 13, 2018, approximately 5.6 million shares remain available for issuance and sale under the Equity Distribution Agreement.

Hercules Technology II Debentures Full Redemption

On July 13, 2018, we completed repayment of the $41.2 million of outstanding HT II debentures.

Amendment to Wells Facility

On July 31, 2018, we entered into a further amendment to the Wells Facility to extend the maturity date and fully repay the pro-rata portion of outstanding balances of Alostar Bank of Commerce and Everbank Commercial Finance Inc., thereby resigning both as lenders and terminating their commitments thereunder.

Departure of Officer

On August 16, 2018, Gerard R. Waldt, Jr., Controller and Interim Chief Accounting Officer, tendered his resignation from the Company. Mr. Waldt s resignation was not a result of any disagreement with the Company on any matter relating to the Company s operations, policies or practices. David Lund, the Company s current Interim Chief Financial Officer, assumed the duties of Interim Chief Accounting Officer effective as of August 23, 2018. The resignation of Mr. Waldt was effective on September 7, 2018.

Portfolio Company Developments

As of September 13, 2018, we held warrants or equity positions in two companies that have filed registration statements on Form S-1 with the SEC in contemplation of potential initial public offerings. Both companies filed confidentially under the JOBS Act. There can be no assurance that companies that have yet to complete their initial public offerings will do so in a timely manner or at all. Subsequent to June 30, 2018 and as of September 13, 2018, there were two companies that announced or completed liquidity events.

1. In August 2018, our portfolio company NuGEN Technologies, Inc., a leading provider for innovative next-generation sequencing kits and genomic sample preparation solutions for the fastest growing field within the genomics area, was acquired by the Tecan Group (SIX Swiss Exchange: TECN), a leading global provider of laboratory instruments and solutions in biopharmaceuticals, forensics and clinical diagnostics. Terms of the acquisition were not disclosed.

2. In August 2018, our portfolio company Avnera Corporation, a fabless semiconductor firm making custom Analog System-on-Chip (ASoC) solutions for audio, voice, speech, sensor and artificial intelligence (AI) applications, was acquired by Skyworks Solutions, Inc. (NASDAQ: SWKS), an innovator of high-performance analog semiconductors connecting people, places and things. Skyworks paid $405.0 million in cash to Avnera equity holders at closing with up to an additional $20.0 million to be paid if certain performance targets are exceeded over a 12-month period post-closing period.

Quantitative and Qualitative Disclosures about Market Risk

We are subject to financial market risks, including changes in interest rates. Interest rate risk is defined as the sensitivity of our current and future earnings to interest rate volatility, variability of spread relationships, the difference in re-pricing intervals between our assets and liabilities and the effect that interest rates may have on our cash flows. Changes in interest rates may affect both our cost of funding and our interest income from portfolio investments, cash and cash equivalents and idle fund investments. Our investment income will be affected by changes in various interest rates, including LIBOR and Prime rates, to the extent our debt investments include variable interest rates. As of June 30, 2018, approximately 97.2% of the loans in our portfolio had variable rates based on floating Prime or LIBOR rates with a floor. Changes in interest rates can also affect, among other things, our ability to acquire and originate loans and securities and the value of our investment portfolio.

Based on our Consolidated Statement of Assets and Liabilities as of June 30, 2018, the following table shows the approximate annualized increase (decrease) in components of net assets resulting from operations of hypothetical base rate changes in interest rates, assuming no changes in our investments and borrowings.

(in thousands) Basis Point Change	Interest Income	Interest Expense	Net Income	EPS(1)
25	$ 3,489	$ 36	$ 3,453	$ 0.04
50	$ 7,061	$ 71	$ 6,990	$ 0.08
75	$ 10,632	$ 107	$ 10,525	$ 0.12
100	$ 14,353	$ 143	$ 14,210	$ 0.16
200	$ 28,988	$ 286	$ 28,702	$ 0.33
300	$ 43,172	$ 429	$ 42,743	$ 0.49

(1) Earnings per share impact calculated based on basic weighted average shares outstanding of 87,125.

We do not currently engage in any hedging activities. However, we may, in the future, hedge against interest rate fluctuations (and foreign currency) by using standard hedging instruments such as futures, options, and forward contracts. While hedging activities may insulate us against changes in interest rates (and foreign currency), they may also limit our ability to participate in the benefits of lower interest rates with respect to our borrowed funds and higher interest rates with respect to our portfolio of investments. During the six months ended June 30, 2018 we did not engage in interest rate (or foreign currency) hedging activities.

Although we believe that the foregoing analysis is indicative of our sensitivity to interest rate changes, it does not adjust for potential changes in the credit market, credit quality, size and composition of the assets in our portfolio. It also does not adjust for other business developments, including borrowings under our SBA debentures, 2022 Notes, 2024 Notes, 2025 Notes, 2021 Asset-Backed Notes, 2022 Convertible Notes and Credit Facilities that could affect the net increase in net assets resulting from operations, or net income. It also does not assume any repayments from borrowers. Accordingly, no assurances can be given that actual results would not differ materially from the statement above.

Because we currently borrow, and plan to borrow in the future, money to make investments, our net investment income is dependent upon the difference between the rate at which we borrow funds and the rate at which we invest the funds borrowed. Accordingly, there can be no assurance that a significant change in market

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interest rates will not have a material adverse effect on our net investment income. In periods of rising interest rates, our cost of funds would increase, which could reduce our net investment income if there is not a corresponding increase in interest income generated by variable rate assets in our investment portfolio.

For additional information regarding the interest rate associated with each of our SBA debentures, 2022 Notes, 2024 Notes, 2025 Notes, 2021 Asset-Backed Notes, 2022 Convertible Notes, and Credit Facilities, please refer to Management s Discussion and Analysis of Financial Condition and Results of Operations Financial Condition, Liquidity and Capital Resources Outstanding Borrowings and Note 4 Borrowings included in the notes to our consolidated financial statements appearing elsewhere in this prospectus supplement.

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UNDERWRITING

We are offering the Notes described in this prospectus supplement and the accompanying prospectus through a number of underwriters. Keefe, Bruyette & Woods, Inc., Morgan Stanley & Co. LLC and UBS Securities LLC are acting as representatives of the underwriters. We have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally and not jointly agreed to purchase from us, the aggregate principal amount of Notes listed next to its name in the following table:

Underwriter	Principal Amount	
Keefe, Bruyette & Woods, Inc.	$	9,000,000
Morgan Stanley & Co. LLC	$	9,000,000
UBS Securities LLC	$	9,000,000
Janney Montgomery Scott LLC	$	4,200,000
BB&T Capital Markets, a division of BB&T Securities, LLC	$	2,400,000
B. Riley FBR, Inc.	$	2,400,000
Ladenburg Thalmann & Co. Inc.	$	2,400,000
Compass Point Research & Trading, LLC	$	800,000
Wedbush Securities Inc.	$	800,000
Total	$	40,000,000

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the Notes sold under the underwriting agreement if any of these Notes are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer s certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

An underwriting discount of 3.12% per Note will be paid by us. An underwriting discount of 3.15% per Note will be paid by us for any Notes purchased pursuant to the overallotment option.

The following table shows the total underwriting discounts and commissions that we are to pay to the underwriters in connection with this offering. The information assumes either no exercise or full exercise by the underwriters of their overallotment option.

	Per Note	Without Option	With Option
Public offering price	$ 25.0000	$ 40,000,000	$ 46,000,000
Underwriting discount[1]	$ 0.7808	$ 1,249,250	$ 1,438,250
Proceeds, before expenses, to us[2]	$ 24.2192	$ 38,750,750	$ 44,561,750

(1) Reflects an underwriting discount that may vary between sales to retail investors and sales to institutional investors.

(2) Before deducting expenses payable by us related to this offering, estimated at $375,000

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The underwriters propose to offer some of the Notes to the public at the public offering price set forth on the cover page of this prospectus supplement and some of the Notes to certain other Financial Industry Regulatory Authority (FINRA) members at the public offering price less a concession not in excess of $0.50 per Note sold to retail investors and $0.15 per Note sold to institutional investors. The underwriters may allow, and the dealers may reallow, a discount not in excess of 1.20% of the aggregate principal amount of the Notes. After the initial offering of the Notes to the public, the public offering price and such concessions may be changed. No such change shall change the amount of proceeds to be received by us as set forth on the cover page of this prospectus supplement.

The expenses of the offering, including up to $10,000 in reimbursement of underwriters counsel fee, but not including the underwriting discount, are estimated at $375,000 and are payable by us.

Overallotment Option

We have granted an option to the underwriters to purchase up to an additional $6,000,000 aggregate principal amount of the Notes offered hereby at the public offering price within 30 days from the date of this prospectus supplement solely to cover any overallotments. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional Notes proportionate to that underwriter s initial principal amount reflected in the above table.

No Sales of Similar Securities

We have agreed not to directly or indirectly sell, offer to sell, enter into any agreement to sell, or otherwise dispose of, any debt securities issued by the Company in minimum denominations of $25 for a period of 30 days after the date of this prospectus supplement without first obtaining the written consent of the representatives. This consent may be given at any time without public notice.

Listing

The Notes are a new issue of securities with no established trading market. We intend to apply to list the Notes on the NYSE. We expect trading in the Notes on the NYSE to begin within 30 days after the original issue date under the symbol HCXY. Currently there is no public market for the Notes.

We have been advised by certain of the underwriters that certain of the underwriters presently intend to make a market in the Notes after completion of this offering as permitted by applicable laws and regulations. Such underwriters are not obligated, however, to make a market in the Notes and any such market-making may be discontinued at any time in the sole discretion of such underwriters without any notice. Accordingly, no assurance can be given that an active and liquid public trading market for the Notes will develop or be maintained. If an active public trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected.

Price Stabilization, Short Positions

In connection with the offering, the underwriters may purchase and sell Notes in the open market. These transactions may include covering transactions and stabilizing transactions. Overallotment involves sales of securities in excess of the aggregate principal amount of securities to be purchased by the underwriters in the offering, which creates a short position for the underwriters. Covering transactions involve purchases of the securities in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions consist of certain bids or purchases of securities made for the purpose of preventing or retarding a decline in the market price of the securities while the offering is in progress.

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The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased Notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

Any of these activities may cause the price of the Notes to be higher than the price that otherwise would exist in the open market in the absence of such transactions. These transactions may be affected in the over-the-counter market or otherwise and, if commenced, may be discontinued at any time without any notice relating thereto.

Electronic Offer, Sale and Distribution of Notes

The underwriters may make prospectuses available in electronic (PDF) format. A prospectus in electronic (PDF) format may be made available on a web site maintained by the underwriters, and the underwriters may distribute such prospectuses electronically. The underwriters may allocate a limited principal amount of the Notes for sale to their online brokerage customers.

Other Relationships

The underwriters and their affiliates have provided in the past and may provide from time to time in the future in the ordinary course of their business certain commercial banking, financial advisory, investment banking and other services to Hercules or our portfolio companies for which they have received or will be entitled to receive separate fees. In particular, the underwriters or their affiliates may execute transactions with Hercules or on behalf of Hercules or any of our portfolio companies.

The underwriters or their affiliates may also trade in our securities, securities of our portfolio companies or other financial instruments related thereto for their own accounts or for the account of others and may extend loans or financing directly or through derivative transactions to us or any of our portfolio companies.

We may purchase securities of third parties from the underwriters or their affiliates after the offering. However, we have not entered into any agreement or arrangement regarding the acquisition of any such securities, and we may not purchase any such securities. We would only purchase any such securities if among other things we identified securities that satisfied our investment needs and completed our due diligence review of such securities.

After the date of this prospectus supplement, the underwriters and their affiliates may from time to time obtain information regarding specific portfolio companies or us that may not be available to the general public. Any such information is obtained by the underwriters and their affiliates in the ordinary course of its business and not in connection with the offering of the Notes. In addition, after the offering period for the sale of the Notes, the underwriters or their affiliates may develop analyses or opinions related to Hercules or our portfolio companies and buy or sell interests in one or more of our portfolio companies on behalf of their proprietary or client accounts and may engage in competitive activities. There is no obligation on behalf of these parties to disclose their respective analyses, opinions or purchase and sale activities regarding any portfolio company or regarding us to our noteholders or any other persons.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the underwriters and their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the

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Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The principal business address of Keefe, Bruyette & Woods, Inc. is 787 7th Avenue, Fourth Floor, New York, New York 10019. The principal business address of Morgan Stanley & Co. LLC is 1585 Broadway, New York, New York 10036. The principal business address of UBS Securities LLC is 1285 Avenue of the Americas, New York, New York 10019.

Other Jurisdictions

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the Notes offered by this prospectus supplement in any jurisdiction where action for that purpose is required. The Notes offered by this prospectus supplement may not be offered or sold, directly or indirectly, nor may this prospectus supplement or any other offering material or advertisements in connection with the offer and sale of any such Notes be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus supplement comes are advised to inform themselves about and to observe any restriction relating to the offering and the distribution of this prospectus supplement. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or a solicitation of an offer to buy the Notes offered by this prospectus supplement and the accompanying prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Alternative Settlement Cycle

We expect that delivery of the Notes will be made to investors on or about September 24, 2018, which will be the third business day following the date hereof. Under Rule 15c6-1 under the Exchange Act, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes prior to the delivery of the Notes hereunder will be required, by virtue of the fact that the Notes initially settle in T+ 3, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to their date of delivery should consult their advisors.

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CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a general summary of the material U.S. federal income tax considerations (and, in the case of a non-U.S. holder (as defined below), the material U.S. federal estate tax consequences) applicable to an investment in the Notes. This summary deals only with Notes that are purchased for cash in this offering for a price equal to the issue price of the Notes (*i.e.*, the first price at which a substantial amount of the notes is sold for money to investors, other than to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). This summary does not purport to be a complete description of the income and estate tax considerations applicable to such an investment. The discussion is based upon the Code, Treasury Regulations, and administrative and judicial interpretations, each as of the date of this prospectus supplement and all of which are subject to change, potentially with retroactive effect. No assurance can be given that the U.S. Internal Revenue Service (IRS) would not assert, or that a court would not sustain, a position contrary to any of the tax aspects set forth below. You should consult your own tax advisor with respect to tax considerations that pertain to your purchase of our Notes.

This discussion deals only with Notes held as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment purposes) and does not purport to deal with persons in special tax situations, such as financial institutions, insurance companies, regulated investment companies, dealers in securities or currencies, traders in securities, former citizens of the United States, persons holding the Notes as a hedge against currency risks or as a position in a straddle, hedge, constructive sale transaction or conversion transaction for tax purposes, entities that are tax-exempt for U.S. federal income tax purposes, retirement plans, individual retirement accounts, tax-deferred accounts, persons subject to the alternative minimum tax, pass-through entities (including partnerships and entities and arrangements classified as partnerships for U.S. federal income tax purposes) and beneficial owners of pass-through entities, accrual method taxpayers for U.S. federal income tax purposes required to accelerate the recognition of any item of gross income with respect to the Notes as a result of such income being recognized on an applicable financial statement, or U.S. holders (as defined below) whose functional currency is not the U.S. dollar. In addition, this discussion does not deal with any tax consequences other than U.S. federal income tax consequences (and, in the case of a non-U.S. holder, U.S. federal estate tax consequences). If you are considering purchasing the Notes, you should consult your own tax advisor concerning the application of the U.S. federal income and estate tax laws to you in light of your particular situation, as well as any consequences to you of purchasing, owning and disposing of the Notes under the laws of any other taxing jurisdiction.

For purposes of this discussion, the term U.S. holder means a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of any state thereof or the District of Columbia, (iii) a trust (a) subject to the control of one or more U.S. persons and the primary supervision of a court in the United States, or (b) that existed on August 20, 1996 and has made a valid election (under applicable Treasury Regulations) to be treated as a domestic trust, or (iv) an estate the income of which is subject to U.S. federal income taxation regardless of its source. The term non-U.S. holder means a beneficial owner of a Note that is neither a U.S. holder nor a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes).

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds any Notes, the U.S. federal income tax treatment of a partner of the partnership generally will depend upon the status of the partner, the activities of the partnership and certain determinations made at the partner level. Partnerships holding Notes, and the persons holding interests in such partnerships, should consult their own tax advisors as to the consequences of investing in the Notes in their individual circumstances.

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Taxation of Note Holders

Taxation of U.S. Holders.

Payments or accruals of interest on a Note generally will be taxable to a U.S. holder as ordinary interest income at the time they are received (actually or constructively) or accrued, in accordance with the U.S. holder s regular method of tax accounting.

Upon the sale, exchange, redemption, retirement or other taxable disposition of a Note, a U.S. holder generally will recognize capital gain or loss equal to the difference between the amount realized on the sale, exchange, redemption, retirement or other taxable disposition (excluding amounts representing accrued and unpaid interest, which are treated as ordinary income to the extent not previously included in income) and the U.S. holder s adjusted tax basis in the Note. A U.S. holder s adjusted tax basis in a Note generally will equal the U.S. holder s initial investment in the Note. Capital gain or loss generally will be long-term capital gain or loss if the U.S. holder s holding period in the Note was more than one year. Long-term capital gains generally are taxed at reduced rates for individuals and certain other non-corporate U.S. holders. The distinction between capital gain and loss and ordinary income and loss also is important for purposes of, among other things, the limitations imposed on a U.S. holder s ability to offset capital losses against ordinary income.

Under applicable Treasury Regulations, if a U.S. holder recognizes a loss with respect to the Notes or shares of our common stock of $2 million or more for a non-corporate U.S. holder or $10 million or more for a corporate U.S. holder in any single taxable year (or a greater loss over a combination of taxable years), the U.S. holder may be required to file with the IRS a disclosure statement on IRS Form 8886. Direct U.S. holders of portfolio securities are in many cases excepted from this reporting requirement, but, under current guidance, U.S. holders of a RIC are not excepted. Future guidance may extend the current exception from this reporting requirement to U.S. holders of most or all RICs. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer s treatment of the loss is proper. Significant monetary penalties apply to a failure to comply with this reporting requirement. States may also have a similar reporting requirement. U.S. holders of the Notes or our common stock should consult their own tax advisors to determine the applicability of these Treasury Regulations in light of their individual circumstances.

Taxation of Non-U.S. Holders. Except as provided below under Information Reporting and Backup Withholding and FATCA, a non-U.S. holder generally will not be subject to U.S. federal income or withholding taxes on payments of principal or interest on a Note provided that (i) income on the Note is not effectively connected with the conduct by the non-U.S. holder of a trade or business within the United States, (ii) the non-U.S. holder is not a controlled foreign corporation related to the Company through stock ownership, (iii) the non-U.S. holder is not a bank receiving interest described in Section 881(c)(3)(A) of the Code, (iv) the non-U.S. holder does not own (directly or indirectly, actually or constructively) 10% or more of the total combined voting power of all classes of stock of the Company, and (v) the non-U.S. holder provides a valid certification on an IRS Form W-8BEN, Form W-8BEN-E, or other applicable U.S. nonresident withholding tax certification form, certifying its non-U.S. holder status to (A) the applicable withholding agent, or (B) a securities clearing organization, bank, or other financial institution that holds customer securities in the ordinary course of its trade or business (i.e., a financial institution) and holds the Note on the non-U.S. holder s behalf and certifies to the applicable withholding agent (directly or through one or more similarly situated financial institutions) that it has received the required statement from the non-U.S. holder certifying that it is a non-U.S. person and furnishes the applicable withholding agent with a copy of the statement.

A non-U.S. holder that is not exempt from tax under these rules generally will be subject to U.S. federal income tax withholding on payments of interest on the Notes at a rate of 30% unless (i) the income is effectively connected with the conduct of a U.S. trade or business, so long as the non-U.S. holder has provided the applicable withholding agent with an IRS Form W-8ECI or substantially similar substitute U.S. nonresident withholding tax certification form stating that the interest on the Notes is effectively connected with the non-U.S. holder s conduct of a trade or business in the U.S. in which case the interest will be subject to U.S. federal

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income tax on a net income basis as applicable to U.S. holders generally (unless an applicable income tax treaty provides otherwise), or (ii) an applicable income tax treaty or provision in the Code provides for a lower rate of, or exemption from, withholding tax, so long as the non-U.S. holder has provided the applicable withhold agent with an IRS Form W-8BEN or Form W-8BEN-E (or other applicable U.S. nonresident withholding tax certification form) signed under penalties of perjury, claiming such lower rate of, or exemption from, withholding tax under such income tax treaty. To claim the benefit of an income tax treaty or to claim exemption from withholding because income is effectively connected with a U.S. trade or business, the non-U.S. holder must timely provide the appropriate, properly executed IRS forms. These forms may be required to be updated periodically. Additionally, a non-U.S. holder who is claiming the benefits of an income tax treaty may be required to obtain a U.S. taxpayer identification number and provide certain documentary evidence issued by a non-U.S. governmental authority in order to prove residence in a foreign country.

In the case of a non-U.S. holder that is a corporation and that receives income that is effectively connected with the conduct of a U.S. trade or business, such income may also be subject to a branch profits tax (which is generally imposed on a non-U.S. corporation on the actual or deemed repatriation from the United States of earnings and profits attributable to a U.S. trade or business) at a 30% rate. The branch profits tax may not apply (or may apply at a reduced rate) if the non-U.S. holder is a qualified resident of a country with which the United States has an income tax treaty. To claim an exemption from withholding because interest on the Notes is effectively connected with a United States trade or business, a non-U.S. holder must timely provide the appropriate, properly executed U.S. nonresident withholding tax certification form (currently on IRS Form W-8ECI) to the applicable withholding agent.

Generally, a non-U.S. holder will not be subject to U.S. federal income or withholding taxes on any amount that constitutes capital gain upon the sale, exchange, redemption, retirement or other taxable disposition of a Note, provided that the gain is not effectively connected with the conduct of a trade or business in the United States by the non-U.S. holder (and, if required by an applicable income tax treaty, is not attributable to a United States permanent establishment maintained by the non-U.S. holder). Non-U.S. holders should consult their own tax advisors with regard to whether taxes will be imposed on capital gain in their individual circumstances.

A Note that is held by an individual who, at the time of death, is not a citizen or resident of the United States (as specially defined for U.S. federal estate tax purposes) generally will not be subject to the U.S. federal estate tax, unless, at the time of death, (i) such individual directly or indirectly, actually or constructively, owns ten percent or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of Section 871(h)(3) of the Code and the Treasury Regulations thereunder or (ii) such individual s interest in the Notes is effectively connected with the individual s conduct of a U.S. trade or business.

Information Reporting and Backup Withholding. A U.S. holder (other than an exempt recipient, including a corporation and certain other persons who, when required, demonstrate their exempt status) may be subject to backup withholding on, and to information reporting requirements with respect to, payments of principal and interest on, and proceeds from the sale, exchange, redemption or retirement of, the Notes. In general, if a non-corporate U.S. holder subject to information reporting fails to furnish a correct taxpayer identification number or otherwise fails to comply with applicable backup withholding requirements, backup withholding at the applicable rate (currently, 24%) may apply.

In addition, backup withholding tax and certain other information reporting requirements apply to payments of principal and interest on, and proceeds from the sale, exchange, redemption or retirement of, the Notes held by a non-U.S. holder, unless an exemption applies. Backup withholding and information reporting will not apply to payments we make to a non-U.S. holder if such non-U.S. holder has provided to the applicable withholding agent under penalties of perjury the required certification of their non-U.S. person status as discussed above (and the applicable withholding agent does not have actual knowledge or reason to know that they are a U.S. person) or if the non-U.S. holder is an exempt recipient.

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If a non-U.S. holder sells or redeems a Note through a U.S. broker or the U.S. office of a foreign broker, the proceeds from such sale or redemption will be subject to information reporting and backup withholding unless such non-U.S. holder provides a withholding certificate or other appropriate documentary evidence establishing that such non-U.S. holder is not a U.S. person to the broker and such broker does not have actual knowledge or reason to know that such non-U.S. holder is a U.S. person, or the non-U.S. holder is an exempt recipient eligible for an exemption from information reporting and backup withholding. If a non-U.S. holder sells or redeems a Note through the foreign office of a broker who is a U.S. person or has certain enumerated connections with the United States, the proceeds from such sale or redemption will be subject to information reporting unless the non-U.S. holder provides to such broker a withholding certificate or other appropriate documentary evidence establishing that the non-U.S. holder is not a U.S. person and such broker does not have actual knowledge or reason to know that such evidence is false, or the non-U.S. holder is an exempt recipient eligible for an exemption from information reporting. In circumstances where information reporting by the foreign office of such a broker is required, backup withholding will be required only if the broker has actual knowledge that the non-U.S. holder is a U.S. person.

You should consult your tax advisor regarding the qualification for an exemption from backup withholding and information reporting and the procedures for obtaining such an exemption, if applicable. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner generally would be allowed as a refund or a credit against such beneficial owner s U.S. federal income tax provided the required information is timely furnished to the IRS.

Medicare Tax on Net Investment Income. A tax of 3.8% will be imposed on certain net investment income (or undistributed net investment income , in the case of estates and trusts) received by U.S. holders with modified adjusted gross income above certain threshold amounts. Net investment income as defined for U.S. federal Medicare contribution purposes generally includes interest payments and gain recognized from the sale or other disposition of the Notes. U.S. holders should consult their own tax advisors regarding the effect, if any, of this tax on their ownership and disposition of the Notes.

FATCA. Certain provisions of the Code, known as FATCA, generally impose a withholding tax of 30% on certain payments to certain foreign entities (including financial intermediaries) unless various U.S. information reporting and diligence requirements (that are in addition to, the requirement to deliver an applicable IRS Form W-8, as discussed above) and certain other requirements have been satisfied. FATCA withholding generally applies to payments of interest and, after December 31, 2018, payments of gross proceeds (including principal payments) from the sale, redemption, retirement or other disposition of debt securities that can produce U.S. source interest (such as Notes) (collectively, withholdable payments) to certain non-U.S. entities (including, in some circumstances, where such an entity is acting as an intermediary) that fail to comply with certain certification, identification, withholding and information reporting requirements imposed by FATCA. FATCA withholding taxes generally apply to all withholdable payments without regard to whether the beneficial owner of the payment would otherwise be entitled to an exemption from withholding taxes pursuant to an applicable income tax treaty with the U.S. or under U.S. domestic law. If FATCA withholding taxes are imposed with respect to any payments of interest or proceeds made under the Notes, holders that are otherwise eligible for an exemption from, or reduction of, U.S. federal withholding taxes with respect to such interest or proceeds will be required to seek a credit or refund from the IRS in order to obtain the benefit of such exemption or reduction, if any. Beneficial owners of or prospective beneficial owners of the Notes may be required to provide additional information to enable the applicable withholding agent to determine whether withholding is required. Persons located in jurisdictions that have entered into an intergovernmental agreement with the U.S. to implement FATCA may be subject to different rules. Non-U.S. holders, and U.S. holders that expect to hold their Notes through non-U.S. entities should consult their own tax advisors regarding the effect, if any, of these withholding and reporting provisions.

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The preceding discussion of material U.S. federal income tax considerations is for general information only and is not tax advice. We urge you to consult your own tax advisor with respect to the particular tax consequences to you of an investment in the Notes, including the possible effect of any pending legislation or proposed regulations.

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MANAGEMENT

On August 16, 2018, Gerard R. Waldt, Jr., Controller and Interim Chief Accounting Officer, tendered his resignation from the Company. Mr. Waldt s resignation was not a result of any disagreement with the Company on any matter relating to the Company s operations, policies or practices. David Lund, the Company s current Interim Chief Financial Officer, assumed the duties of Interim Chief Accounting Officer effective as of August 23, 2018. The resignation of Mr. Waldt was effective on September 7, 2018.

LEGAL MATTERS

Certain legal matters in connection with the securities offered hereby will be passed upon for us by Dechert LLP, New York, NY. Certain legal matters in connection with the securities offered hereby will be passed upon for the underwriters by Fried, Frank, Harris, Shriver & Jacobson LLP, New York, NY.

EXPERTS

The consolidated financial statements as of December 31, 2017 and 2016 and for each of the three years in the period ended December 31, 2017 and management s assessment of the effectiveness of internal control over financial reporting (which is included in Management s Annual Report on Internal Control over Financial Reporting) as of December 31, 2017 included in the accompanying prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

AVAILABLE INFORMATION

We have filed with the SEC a registration statement on Form N-2, together with all amendments and related exhibits, under the Securities Act, with respect to our securities offered by this prospectus supplement and the accompanying prospectus. The registration statement contains additional information about us and our securities being offered by this prospectus supplement and the accompanying prospectus.

We file annual, quarterly and current periodic reports, proxy statements and other information with the SEC under the Exchange Act. You may inspect and copy these reports, proxy statements and other information, as well as the registration statement of which this prospectus supplement and accompanying prospectus form a part and the related exhibits and schedules, at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549-0102. You may obtain information on the operation of the Public Reference Room by calling the SEC at 202-551-8090. The SEC maintains an Internet website that contains reports, proxy and information statements and other information filed electronically by us with the SEC which are available on the SEC s Internet website at http://www.sec.gov. Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following E-mail address: publicinfo@sec.gov, or by writing the SEC s Public Reference Section, Washington, D.C. 20549-0102.

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HERCULES CAPITAL, INC.

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(unaudited)

(dollars in thousands, except per share data)

	June 30, 2018	December 31, 2017
Assets		
Investments:		
Non-control/Non-affiliate investments (cost of $1,614,160 and $1,506,454, respectively)	$ 1,616,515	$ 1,491,458
Control investments (cost of $59,337 and $25,419, respectively)	56,716	19,461
Affiliate investments (cost of $84,063 and $87,956, respectively)	28,705	31,295
Total investments in securities, at value (cost of $1,757,560 and $1,619,829, respectively)	1,701,936	1,542,214
Cash and cash equivalents	59,461	91,309
Restricted cash	15,886	3,686
Interest receivable	14,408	12,262
Other assets	906	5,244
Total assets	$ 1,792,597	$ 1,654,715
Liabilities		
Accounts payable and accrued liabilities	$ 25,115	$ 26,896
SBA Debentures, net (principal of $190,200 and $190,200, respectively)(1)	188,457	188,141
2022 Notes, net (principal of $150,000 and $150,000, respectively)(1)	147,728	147,572
2024 Notes, net (principal of $83,510 and $183,510, respectively)(1)	81,694	179,001
2025 Notes, net (principal of $75,000 and $0, respectively)(1)	72,616	
2021 Asset-Backed Notes, net (principal of $31,088 and $49,153, respectively)(1)	30,698	48,650
2022 Convertible Notes, net (principal of $230,000 and $230,000, respectively)(1)	224,269	223,488
Credit Facilities	58,323	
Total liabilities	$ 828,900	$ 813,748
Net assets consist of:		
Common stock, par value	94	85
Capital in excess of par value	1,026,313	908,501
Unrealized appreciation (depreciation) on investments(2)	(56,760)	(79,760)

Accumulated undistributed realized gains (losses) on investments		(34,205)		(20,374)
Undistributed net investment income		28,255		32,515
Total net assets	$	963,697	$	840,967
Total liabilities and net assets	$	1,792,597	$	1,654,715
Shares of common stock outstanding ($0.001 par value, 200,000,000 authorized)		94,260		84,424
Net asset value per share	$	10.22	$	9.96

(1) The Company s SBA Debentures, 2022 Notes, 2024 Notes, 2025 Notes, 2021 Asset-Backed Notes and 2022 Convertible Notes, as each term is defined herein, are presented net of the associated debt issuance costs for each instrument. See Note 4 Borrowings .

(2) Amounts include $1.1 million and $2.1 million in net unrealized depreciation on other assets and accrued liabilities, including escrow receivables, and estimated taxes payable as of June 30, 2018 and December 31, 2017, respectively.

See notes to consolidated financial statements.

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The following table presents the assets and liabilities of our consolidated securitization trust for the 2021 Asset-Backed Notes (see Note 4), which is a variable interest entity (VIE). The assets of our securitization VIE can only be used to settle obligations of our consolidated securitization VIE, these liabilities are only the obligations of our consolidated securitization VIE, and the creditors (or beneficial interest holders) do not have recourse to our general credit. These assets and liabilities are included in the Consolidated Statement of Assets and Liabilities above.

(Dollars in thousands)	June 30, 2018	December 31, 2017
Assets		
Restricted Cash	$ 15,886	$ 3,686
Total investments in securities, at value (cost of $98,105 and $146,208, respectively)	97,924	144,513
Total assets	$ 113,810	$ 148,199
Liabilities		
2021 Asset-Backed Notes, net (principal of $31,088 and $49,153, respectively)(1)	$ 30,698	$ 48,650
Total liabilities	$ 30,698	$ 48,650

(1) The Company s 2021 Asset-Backed Notes are presented net of the associated debt issuance costs. See Note 4 Borrowings .

See notes to consolidated financial statements.

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HERCULES CAPITAL, INC.

CONSOLIDATED STATEMENT OF OPERATIONS

(unaudited)

(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
Investment income:				
Interest income				
Non-control/Non-affiliate investments	$ 44,535	$ 39,979	$ 86,369	$ 82,324
Control investments	841	527	1,427	1,041
Affiliate investments	500		1,061	2
Total interest income	45,876	40,506	88,857	83,367
Fee income				
Commitment, facility and loan fee income:				
Non-control/Non-affiliate investments	1,930	2,440	4,370	5,374
Control investments		5		10
Affiliate investments	84		192	
Total commitment, facility and loan fee income	2,014	2,445	4,562	5,384
One-time fee income:				
Non-control/Non-affiliate investments	1,672	5,501	4,843	6,066
Total one-time fee income	1,672	5,501	4,843	6,066
Total fee income	3,686	7,946	9,405	11,450
Total investment income	49,562	48,452	98,262	94,817
Operating expenses:				
Interest	9,878	9,254	19,264	18,861
Loan fees	3,362	1,348	4,537	4,186
General and administrative				
Legal Expenses	637	2,141	1,212	2,867
Other Expenses	3,037	2,609	6,471	5,947
Total general and administrative	3,674	4,750	7,683	8,814

Employee compensation:				
Compensation and benefits	7,017	5,916	12,775	11,262
Stock-based compensation	2,857	1,909	5,166	3,742
Total employee compensation	9,874	7,825	17,941	15,004
Total operating expenses	26,788	23,177	49,425	46,865
Net investment income	22,774	25,275	48,837	47,952
Net realized gain (loss) on investments				
Non-control/Non-affiliate investments	(3,953)	(5,319)	(7,465)	(2,030)
Control investments	(2,900)	(394)	(4,308)	(445)
Affiliate investments	(2,058)		(2,058)	
Total net realized gain (loss) on investments	(8,911)	(5,713)	(13,831)	(2,475)
Net change in unrealized appreciation (depreciation) on investments				
Non-control/Non-affiliate investments	32,700	66,255	18,360	34,100
Control investments	3,957	(53,349)	3,337	(53,135)
Affiliate investments	1,540	681	1,303	1,119
Total net unrealized appreciation (depreciation) on investments	38,197	13,587	23,000	(17,916)
Total net realized and unrealized gain (loss)	29,286	7,874	9,169	(20,391)
Net increase (decrease) in net assets resulting from operations	$ 52,060	$ 33,149	$ 58,006	$ 27,561
Net investment income before investment gains and losses per common share:				
Basic	$ 0.26	$ 0.31	$ 0.57	$ 0.58
Change in net assets resulting from operations per common share:				
Basic	$ 0.59	$ 0.40	$ 0.67	$ 0.33
Diluted	$ 0.59	$ 0.40	$ 0.67	$ 0.33
Weighted average shares outstanding				
Basic	87,125	82,292	85,868	81,858
Diluted	87,199	82,395	85,939	81,953
Distributions declared per common share:				
Basic	$ 0.31	$ 0.31	$ 0.62	$ 0.62

See notes to consolidated financial statements.

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HERCULES CAPITAL, INC.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(unaudited)

(dollars and shares in thousands)

	Common Stock		Capital in excess	Unrealized Appreciation (Depreciation)	Accumulated Undistributed Realized Gains (Losses)	Undistributed Net Investment	Net
	Shares	Par Value	of par value	on Investments	on Investments	Income	Assets
Balance at December 31, 2016	79,555	$ 80	$ 839,657	$ (89,025)	$ 14,314	$ 22,918	$ 787,944
Net increase (decrease) in net assets resulting from operations				(17,916)	(2,475)	47,952	27,561
Public offering, net of offering expenses	3,309	3	46,908				46,911
Issuance of common stock due to stock option exercises	27		211				211
Retired shares from net issuance	(18)		(170)				(170)
Issuance of common stock under restricted stock plan	10						
Retired shares for restricted stock vesting	(145)		(1,988)				(1,988)
Distributions reinvested in common stock	81		1,122				1,122
Issuance of Convertible Notes			3,413				3,413
Distributions						(51,330)	(51,330)
Stock-based compensation(1)			3,777				3,777
Balance at June 30, 2017	82,819	$ 83	$ 892,930	$ (106,941)	$ 11,839	$ 19,540	$ 817,451
Balance at December 31, 2017	84,424	$ 85	$ 908,501	$ (79,760)	$ (20,374)	$ 32,515	$ 840,967
				23,000	(13,831)	48,837	58,006

Net increase (decrease) in net assets resulting from operations							
Public offering, net of offering expenses	9,486	9	112,617				112,626
Issuance of common stock due to stock option exercises	38		433				433
Retired shares from net issuance	(36)		(447)				(447)
Issuance of common stock under restricted stock plan	336						
Retired shares for restricted stock vesting	(57)		(688)				(688)
Distributions reinvested in common stock	69		854				854
Distributions						(53,097)	(53,097)
Stock-based compensation(1)			5,043				5,043
Balance at June 30, 2018	94,260	$ 94	$ 1,026,313	$ (56,760)	$ (34,205)	$ 28,255	$ 963,697

(1) Stock-based compensation includes $20 and $35 of restricted stock and option expense related to director compensation for the six months ended June 30, 2018 and 2017, respectively.

See notes to consolidated financial statements.

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HERCULES CAPITAL, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited)

(dollars in thousands)

	For the Six Months Ended June 30, 2018	For the Six Months Ended June 30, 2017
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations	$ 58,006	$ 27,561
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:		
Purchase of investments	(563,744)	(340,632)
Principal and fee payments received on investments	414,347	349,519
Proceeds from the sale of investments	9,768	18,450
Net unrealized depreciation (appreciation) on investments	(23,000)	17,916
Net realized loss (gain) on investments	13,831	2,475
Accretion of paid-in-kind principal	(4,696)	(4,656)
Accretion of loan discounts	(1,562)	(3,776)
Accretion of loan discount on Convertible Notes	336	280
Accretion of loan exit fees	(8,923)	(10,653)
Change in deferred loan origination revenue	3,415	19
Unearned fees related to unfunded commitments	1,616	769
Amortization of debt fees and issuance costs	3,999	3,557
Depreciation	94	105
Stock-based compensation and amortization of restricted stock grants[1]	5,043	3,777
Change in operating assets and liabilities:		
Interest and fees receivable	(2,146)	1,410
Prepaid expenses and other assets	518	589
Accounts payable	244	
Accrued liabilities	(1,016)	898
Net cash provided by (used in) operating activities	(93,870)	67,608
Cash flows from investing activities:		
Purchases of capital equipment	(116)	(89)
Net cash provided by (used in) investing activities	(116)	(89)
Cash flows from financing activities:		
Issuance of common stock, net	112,626	46,911
Retirement of employee shares	(701)	(1,947)
Distributions paid	(52,243)	(50,208)

Issuance of 2022 Convertible Notes		230,000
Issuance of 2024 Notes		5,637
Issuance of 2025 Notes	75,000	
Repayments of 2019 Notes		(110,364)
Repayments of 2024 Notes	(100,000)	
Repayments of 2021 Asset-Backed Notes	(18,065)	(21,527)
Borrowings of credit facilities	150,700	8,497
Repayments of credit facilities	(92,377)	(13,513)
Cash paid for debt issuance costs	(519)	(4,480)
Fees paid for credit facilities and debentures	(83)	(253)
Net cash provided by (used in) financing activities	74,338	88,753
Net increase (decrease) in cash, cash equivalents and restricted cash	(19,648)	156,272
Cash, cash equivalents and restricted cash at beginning of period	94,995	21,366
Cash, cash equivalents and restricted cash at end of period	$ 75,347	$ 177,638
Supplemental non-cash investing and financing activities:		
Distributions reinvested	854	1,122

(1) Stock-based compensation includes $20 and $35 of restricted stock and option expense related to director compensation for the six months ended June 30, 2018 and 2017, respectively.

See notes to consolidated financial statements.

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The following table presents a reconciliation of cash, cash equivalents and restricted cash reported within the Consolidated Statement of Assets and Liabilities that sum to the total of the same such amounts in the Consolidated Statement of Cash Flows:

	For the Six Months Ended June 30,	
(Dollars in thousands)	**2018**	**2017**
Cash and cash equivalents	$ 59,461	$ 160,412
Restricted cash	15,886	17,226
Total cash, cash equivalents and restricted cash presented in the Consolidated Statements of Cash Flows	$ 75,347	$ 177,638

See Note 2 Summary of Significant Accounting Policies and Note 11- Recent Accounting Pronouncements for a description of restricted cash and cash equivalents.

See notes to consolidated financial statements.

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HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

June 30, 2018

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment[1]	Maturity Date	Interest Rate and Floor[2]	Principal Amount	Cost[3]	Value[4]
Debt Investments							
Biotechnology Tools							
1-5 Years Maturity							
Exicure, Inc.[12]	Biotechnology Tools	Senior Secured	September 2019	Interest rate PRIME + 6.45% or Floor rate of 9.95%, 3.85% Exit Fee	$ 4,999	$ 5,152	$ 5,172
Subtotal: 1-5 Years Maturity						5,152	5,172
Subtotal: Biotechnology Tools (0.54%)*						5,152	5,172
Consumer & Business Products							
Under 1 Year Maturity							
Gadget Guard (p.k.a Antenna79)[15]	Consumer & Business Products	Senior Secured	December 2018	Interest rate PRIME + 1.5% or Floor rate of 11.00%	$ 1,000	1,000	1,000
Subtotal: Under 1 Year Maturity						1,000	1,000
1-5 Years Maturity							
Gadget Guard (p.k.a Antenna79)[15]	Consumer & Business Products	Senior Secured	December 2019	Interest rate PRIME + 2.95% or Floor rate of 12.45%, 2.95% Exit Fee	$ 16,814	17,072	17,064
WHOOP, INC.	Consumer & Business Products	Senior Secured	July 2021	Interest rate PRIME + 3.75%	$ 6,000	5,915	5,916

				or Floor rate of 8.50%, 6.95% Exit Fee			
Subtotal: 1-5 Years Maturity						22,987	22,980
Subtotal: Consumer & Business Products (2.49%)*						23,987	23,980
Diversified Financial Services							
1-5 Years Maturity							
Gibraltar Business Capital, LLC.(7)	Diversified Financial Services	Unsecured	March 2023	Interest rate FIXED 14.50%	$ 10,000	9,809	9,809
Subtotal: 1-5 Years Maturity						9,809	9,809
Subtotal: Diversified Financial Services (1.02%)*						9,809	9,809
Drug Delivery							
Under 1 Year Maturity							
Agile Therapeutics, Inc.(11)	Drug Delivery	Senior Secured	December 2018	Interest rate PRIME + 4.75%			
				or Floor rate of 9.00%, 3.70% Exit Fee	$ 7,625	8,160	8,160
ZP Opco, Inc. (p.k.a. Zosano Pharma)(11)	Drug Delivery	Senior Secured	December 2018	Interest rate PRIME + 2.70%			
				or Floor rate of 7.95%, 2.87% Exit Fee	$ 3,233	3,570	3,570
Subtotal: Under 1 Year Maturity						11,730	11,730
1-5 Years Maturity							
AcelRx Pharmaceuticals, Inc.(11)(15)	Drug Delivery	Senior Secured	March 2020	Interest rate PRIME + 6.05%			
				or Floor rate of 9.55%, 11.69% Exit Fee	$ 14,891	15,567	15,486
Antares Pharma Inc.(10)(15)	Drug Delivery	Senior Secured	July 2022	Interest rate PRIME + 4.50%			
				or Floor rate of 9.25%, 4.25% Exit Fee	$ 25,000	25,155	25,124
Subtotal: 1-5 Years Maturity						40,722	40,610
Subtotal: Drug Delivery (5.43%)*						52,452	52,340

See notes to consolidated financial statements.

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HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

June 30, 2018

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment[1]	Maturity Date	Interest Rate and Floor[2]	Principal Amount	Cost[3]	Value[4]
Drug Discovery & Development							
Under 1 Year Maturity							
Auris Medical Holding, AG[5][10]	Drug Discovery & Development	Senior Secured	February 2019	Interest rate PRIME + 6.05% or Floor rate of 9.55%, 5.75% Exit Fee	$ 3,067	$3,695	$3,695
CytRx Corporation[11][15]	Drug Discovery & Development	Senior Secured	August 2018	Interest rate PRIME + 6.00% or Floor rate of 9.50%, 7.09% Exit Fee	$ 7,884	9,576	9,576
Epirus Biopharmaceuticals, Inc.[8]	Drug Discovery & Development	Senior Secured	December 2018	Interest rate PRIME + 4.70% or Floor rate of 7.95%, 3.00% Exit Fee	$ 2,277	2,561	33
Subtotal: Under 1 Year Maturity						15,832	13,304
1-5 Years Maturity							
Acacia Pharma Inc.	Drug Discovery & Development	Senior Secured	January 2022	Interest rate PRIME + 4.50% or Floor rate of 9.25%, 3.95% Exit Fee	$ 10,000	9,759	9,759
Aveo Pharmaceuticals, Inc.[10][13]	Drug Discovery & Development	Senior Secured	July 2021	Interest rate PRIME + 4.70% or Floor rate of 9.45%, 5.40% Exit Fee	$ 10,000	9,993	9,861
		Senior Secured	July 2021		$ 10,000	10,066	10,011

	Drug Discovery & Development			Interest rate PRIME + 4.70% or Floor rate of 9.45%, 3.00% Exit Fee			
Total Aveo Pharmaceuticals, Inc.					$ 20,000	20,059	19,872
Axovant Sciences Ltd.[5][10][13][16]	Drug Discovery & Development	Senior Secured	March 2021	Interest rate PRIME + 6.80% or Floor rate of 10.55%	$ 55,000	53,942	53,958
Brickell Biotech, Inc.[12]	Drug Discovery & Development	Senior Secured	September 2019	Interest rate PRIME + 5.70% or Floor rate of 9.20%, 7.49% Exit Fee	$ 5,581	5,960	5,967
BridgeBio Pharma LLC	Drug Discovery & Development	Senior Secured	January 2022	Interest rate PRIME + 4.35% or Floor rate of 9.35%, 6.35% Exit Fee	$ 35,000	34,651	34,651
Chemocentryx, Inc.[10][15][17]	Drug Discovery & Development	Senior Secured	December 2021	Interest rate PRIME + 3.30% or Floor rate of 8.05%, 6.25% Exit Fee	$ 15,000	14,892	14,833
Genocea Biosciences, Inc.[11]	Drug Discovery & Development	Senior Secured	May 2021	Interest rate PRIME + 2.75% or Floor rate of 7.75%, 10.12% Exit Fee	$ 14,000	14,591	14,568
Mesoblast[5][10]	Drug Discovery & Development	Senior Secured	March 2022	Interest rate PRIME + 4.95% or Floor rate of 9.45%, 6.95% Exit Fee	$ 35,000	34,894	34,894
Metuchen Pharmaceuticals LLC[12][14]	Drug Discovery & Development	Senior Secured	October 2020	Interest rate PRIME + 7.25% or Floor rate of 10.75%, PIK Interest 1.35%, 2.25% Exit Fee	$ 20,731	21,252	21,184
Motif BioSciences Inc.[5][10][15]	Drug Discovery & Development	Senior Secured	September 2021	Interest rate PRIME + 5.50% or Floor rate of 10.00%, 2.15% Exit Fee	$ 15,000	14,774	14,665
Myovant Sciences, Ltd.[5][10][13]	Drug Discovery & Development	Senior Secured	May 2021	Interest rate PRIME + 4.00%	$ 40,000	39,772	39,408

				or Floor rate of 8.25%, 6.55% Exit Fee			
Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.)(10)(15)(16)	Drug Discovery & Development	Senior Secured	September 2020	Interest rate PRIME + 2.75% or Floor rate of 8.50%, 4.50% Exit Fee	$ 40,000	40,558	40,128
	Drug Discovery & Development	Senior Secured	September 2020	Interest rate PRIME + 2.75% or Floor rate of 8.50%, 4.50% Exit Fee	$ 10,000	10,151	10,033

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folio Company	Sub-Industry	Type of Investment[1]	Maturity Date	Interest Rate and Floor[2]	Principal Amount	Cost[3]	Valu
	Drug Discovery & Development	Senior Secured	September 2020	Interest rate PRIME + 2.75% or Floor rate of 8.50%, 2.25% Exit Fee	$ 10,000	$ 10,029	$ 9
Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.)					$ 60,000	60,738	60
th Bio apeutics [5][10][12]	Drug Discovery & Development	Senior Secured	January 2021	Interest rate PRIME + 5.50% or Floor rate of 9.50%, 5.00% Exit Fee	$ 20,000	20,069	19
da, Inc.[15][17]	Drug Discovery & Development	Senior Secured	March 2022	Interest rate PRIME + 3.35% or Floor rate of 8.35%, 11.14% Exit Fee	$ 25,000	24,864	24
ure [5][10][11]	Drug Discovery & Development	Senior Secured	May 2020	Interest rate PRIME + 3.00% or Floor rate of 8.25%, 5.48% Exit Fee	$ 20,000	20,761	20
stem, Inc.[12]	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 6.00% or Floor rate of 10.50%, 4.50% Exit Fee	$ 5,000	5,005	4
	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 6.00% or Floor rate of 10.50%, 4.50% Exit Fee	$ 5,000	5,037	5
	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 6.00% or Floor rate of 10.50%, 4.50% Exit Fee	$ 5,000	5,003	4
	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 6.00% or Floor rate of 10.50%, 4.50% Exit Fee	$ 10,000	9,904	9
Verastem, Inc.					$ 25,000	24,949	24
otal: 1-5 Years Maturity						415,927	414
otal: Drug Discovery & Development (44.35%)*						431,759	427

tronics & Computer dware							
Years Maturity							
DEVICES (15)	Electronics & Computer Hardware	Senior Secured	September 2020	Interest rate PRIME + 4.00% or Floor rate of 8.25%, 4.25% Exit Fee	$ 10,000	10,016	9
AB(5)(10)(13)(14)	Electronics & Computer Hardware	Senior Secured	February 2021	Interest rate PRIME + 6.20% or Floor rate of 10.45%, PIK Interest 1.75%, 2.95% Exit Fee	$ 12,084	12,042	12
otal: 1-5 Years Maturity						22,058	22
otal: Electronics & Computer Hardware (2.28%)*						22,058	22
thcare Services, Other							
Years Maturity							
sphere Systems oration(14)(15)	Healthcare Services, Other	Senior Secured	February 2021	Interest rate PRIME + 4.75% or Floor rate of 9.00%, PIK Interest 1.75%	$ 17,764	17,635	17
	Healthcare Services, Other	Senior Secured	February 2021	Interest rate PRIME + 4.75% or Floor rate of 9.00%, PIK Interest 1.75%	$ 5,053	5,019	5
l Medsphere Systems Corporation					$ 22,817	22,654	22
Street th(12)	Healthcare Services, Other	Senior Secured	September 2021	Interest rate PRIME + 5.00% or Floor rate of 9.75%, 5.95% Exit Fee	$ 30,000	30,100	29
Group ings(13)	Healthcare Services, Other	Senior Secured	September 2020	Interest rate PRIME + 7.45% or Floor rate of 10.95%	$ 20,000	19,913	19

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ortfolio Company	Sub-Industry	Type of Investment[1]	Maturity Date	Interest Rate and Floor[2]	Principal Amount	Cost[3]	Value[(
	Healthcare Services, Other	Senior Secured	September 2020	Interest rate PRIME + 7.45% or Floor rate of 10.95%	$ 10,000	$ 9,944	$ 9,84
otal PH Group Holdings					$ 30,000	29,857	29,62
ubtotal: 1-5 Years Maturity						82,611	82,17
ubtotal: Healthcare Services, Other (8.53%)*						82,611	82,17
formation Services							
5 Years Maturity							
DX Medical, c.(14)(15)(19)	Information Services	Senior Secured	December 2020	Interest rate PRIME + 4.00% or Floor rate of 8.25%, PIK Interest 1.70%	$ 15,157	14,807	14,60
etbase Solutions, c.(13)(14)	Information Services	Senior Secured	August 2020	Interest rate PRIME + 6.00% or Floor rate of 10.00%, PIK Interest 2.00%, 3.00% Exit Fee	$ 9,142	8,985	8,96
ubtotal: 1-5 Years Maturity						23,792	23,57
ubtotal: Information Services (2.45%)*						23,792	23,57
ternet Consumer & Business ervices							
nder 1 Year Maturity							
tent Media, c.(14)(15)	Internet Consumer &	Senior Secured	May 2019	Interest rate PRIME + 5.25%	$ 5,076	5,096	5,09

	Business Services			or Floor rate of 8.75%, PIK Interest 1.00%, 2.00% Exit Fee			
	Internet Consumer & Business Services	Senior Secured	May 2019	Interest rate PRIME + 5.50% or Floor rate of 9.00%, PIK Interest 2.35%, 2.00% Exit Fee	$ 2,044	2,042	2,04
	Internet Consumer & Business Services	Senior Secured	May 2019	Interest rate PRIME + 5.50% or Floor rate of 9.00%, PIK Interest 2.50%, 2.00% Exit Fee	$ 2,047	2,045	2,04
otal Intent Media, Inc.					$ 9,167	9,183	9,18
ne Faction Group LC	Internet Consumer & Business Services	Senior Secured	January 2019	Interest rate PRIME + 4.75% or Floor rate of 8.25%	$ 2,000	2,000	2,00
ubtotal: Under 1 Year Maturity						11,183	11,18
5 Years Maturity							
ppDirect, c.(13)(19)	Internet Consumer & Business Services	Senior Secured	January 2022	Interest rate PRIME + 5.70% or Floor rate of 9.95%, 3.45% Exit Fee	$ 20,000	19,859	19,73
rt.com, Inc.(14)(15)	Internet Consumer & Business Services	Senior Secured	April 2021	Interest rate PRIME + 5.40% or Floor rate of 10.15%, PIK Interest 1.70%, 1.50% Exit Fee	$ 10,030	9,873	9,87
oudpay, Inc.(5)(10)	Internet Consumer & Business Services	Senior Secured	April 2022	Interest rate PRIME + 4.05% or Floor rate of 8.55%, 6.95% Exit Fee	$ 11,000	10,884	10,88
verFi, Inc.(14)(16)	Internet Consumer & Business Services	Senior Secured	May 2022	Interest rate PRIME + 3.90% or Floor rate of 8.65%, PIK Interest 2.30%	$ 50,115	50,067	50,06
rst Insight, c.(15)(17)	Internet Consumer & Business Services	Senior Secured	November 2021	Interest rate PRIME + 6.25% or Floor rate of 11.25%	$ 6,000	5,876	5,87

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Greenphire, Inc.[17]	Internet Consumer & Business Services	Senior Secured	January 2021	Interest rate 3-month LIBOR + 8.00% or Floor rate of 9.00%	$ 3,433	$ 3,432	$ 3,437
	Internet Consumer & Business Services	Senior Secured	January 2021	Interest rate PRIME + 3.75% or Floor rate of 7.00%	$ 1,500	1,500	1,488
Total Greenphire Inc.					$ 4,933	4,932	4,925
Interactions Corporation[19]	Internet Consumer & Business Services	Senior Secured	March 2021	Interest rate 3-month LIBOR + 8.60% or Floor rate of 9.85%, 1.75% Exit Fee	$ 25,000	25,052	25,128
LogicSource[15]	Internet Consumer & Business Services	Senior Secured	October 2019	Interest rate PRIME + 6.25% or Floor rate of 9.75%, 5.00% Exit Fee	$ 4,820	5,145	5,144
RumbleON, Inc.	Internet Consumer & Business Services	Senior Secured	May 2021	Interest rate PRIME + 5.75% or Floor rate of 10.25%, 4.55% Exit Fee	$ 5,000	4,945	4,945
Snagajob.com, Inc.[13][14]	Internet Consumer & Business Services	Senior Secured	July 2020	Interest rate PRIME + 5.15% or Floor rate of 9.15%, PIK Interest 1.95%, 2.55% Exit Fee	$ 41,429	41,398	41,552

Tectura Corporation(7)(8)(9)(14)	Internet Consumer & Business Services	Senior Secured	June 2021	Interest rate FIXED 6.00%, PIK Interest 3.00%	$ 20,608	20,608	19,127
	Internet Consumer & Business Services	Senior Secured	June 2021	PIK Interest 8.00%	$ 10,680	240	
Total Tectura Corporation					$ 31,288	20,848	19,127
The Faction Group LLC.	Internet Consumer & Business Services	Senior Secured	January 2021	Interest rate 3-month LIBOR + 9.25% or Floor rate of 10.25%	$ 8,000	8,000	8,008
Wheels Up Partners LLC	Internet Consumer & Business Services	Senior Secured	July 2022	Interest rate 3-month LIBOR + 8.55% or Floor rate of 9.55%	$ 21,701	21,503	21,503
Xometry, Inc.(17)(19)	Internet Consumer & Business Services	Senior Secured	May 2021	Interest rate PRIME + 3.95% or Floor rate of 8.45%, 7.45% Exit Fee	$ 7,000	6,942	6,942
Subtotal: 1-5 Years Maturity						235,324	233,712
Subtotal: Internet Consumer & Business Services (25.41%)*						246,507	244,895
Media/Content/Info							
1-5 Years Maturity							
Bustle(14)(15)	Media/Content/Info	Senior Secured	June 2021	Interest rate PRIME + 4.10% or Floor rate of 8.35%, PIK Interest 1.95%, 1.95% Exit Fee	$ 15,164	15,133	15,156
FanDuel, Inc.(9)(10)(12)(14)	Media/Content/Info	Senior Secured	November 2019	Interest rate PRIME + 7.25% or Floor rate of 10.75%, 10.41% Exit Fee	$ 19,354	20,380	20,380
	Media/Content/Info	Convertible Debt	September 2020	PIK Interest 25.00%	$ 1,000	1,000	1,723
Total FanDuel, Inc.					$ 20,354	21,380	22,103
Subtotal: 1-5 Years Maturity						36,513	37,259
Subtotal: Media/Content/Info (3.87%)*						36,513	37,259

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Portfolio Company	Sub-Industry	Type of Investment[(1)]	Maturity Date	Interest Rate and Floor[(2)]	Principal Amount	Cost[(3)]	Value[(4)]
Medical Devices & Equipment							
Under 1 Year Maturity							
Aspire Bariatrics, Inc.[(15)]	Medical Devices & Equipment	Senior Secured	October 2018	Interest rate PRIME + 4.00% or Floor rate of 9.25%, 6.85% Exit Fee	$ 1,793	$ 2,208	$ 829
Quanterix Corporation[(11)]	Medical Devices & Equipment	Senior Secured	March 2019	Interest rate PRIME + 2.75% or Floor rate of 8.00%	$ 7,688	7,673	7,673
Subtotal: Under 1 Year Maturity						9,881	8,502
1-5 Years Maturity							
Intuity Medical, Inc.[(15)]	Medical Devices & Equipment	Senior Secured	June 2021	Interest rate PRIME + 5.00% or Floor rate of 9.25%, 4.95% Exit Fee	$ 17,500	17,251	17,278
Micell Technologies, Inc.[(12)]	Medical Devices & Equipment	Senior Secured	August 2019	Interest rate PRIME + 7.25% or Floor rate of 10.50%, 5.00% Exit Fee	$ 3,942	4,291	4,251
Quanta Fluid Solutions[(5)(10)(11)]	Medical Devices & Equipment	Senior Secured	April 2020	Interest rate PRIME + 8.05% or Floor rate of 11.55%, 5.00% Exit Fee	$ 7,864	8,290	8,250
Rapid Micro Biosystems, Inc.[(13)(15)]	Medical Devices &	Senior Secured	April 2022	Interest rate PRIME + 5.15%	$ 18,000	17,929	17,929

	Equipment			or Floor rate of 9.65%, 7.25% Exit Fee			
Sebacia, Inc.(15)	Medical Devices & Equipment	Senior Secured	July 2020	Interest rate PRIME + 4.35% or Floor rate of 8.85%, 6.05% Exit Fee	$ 8,000	8,054	8,066
Transenterix, Inc.(10)	Medical Devices & Equipment	Senior Secured	June 2022	Interest rate PRIME + 4.55% or Floor rate of 9.55%, 6.95% Exit Fee	$ 20,000	19,827	19,827
Subtotal: 1-5 Years Maturity						75,642	75,601
Subtotal: Medical Devices & Equipment (8.73%)*						85,523	84,103
Software							
Under 1 Year Maturity							
Pollen, Inc.(15)	Software	Senior Secured	April 2019	Interest rate PRIME + 4.25% or Floor rate of 8.50%, 4.00% Exit Fee	$ 7,000	7,084	7,084
Subtotal: Under 1 Year Maturity						7,084	7,084
1-5 Years Maturity							
Banker s Toolbox, Inc(13)(18)	Software	Senior Secured	March 2023	Interest rate 3-month LIBOR + 7.88% or Floor rate of 8.88%	$ 39,900	39,085	39,085
Businessolver.com, Inc.(16)(17)	Software	Senior Secured	May 2023	Interest rate 3-month LIBOR + 7.50%	$ 51,000	50,000	50,000
Clarabridge, Inc.(12)(14)	Software	Senior Secured	April 2021	Interest rate PRIME + 4.80% or Floor rate of 8.55%, PIK Interest 3.25%	$ 41,570	41,549	41,724
Dashlane, Inc.(14)(19)	Software	Senior Secured	April 2022	Interest rate PRIME + 4.05% or Floor rate of 8.55%, PIK Interest 1.10%, 9.25% Exit Fee	$ 10,011	9,932	9,932
Emma, Inc.(17)(18)	Software	Senior Secured	September 2022	Interest rate 3-month LIBOR + 9.39%	$ 37,037	35,728	35,962
Evernote Corporation(14)(15)(17)(19)	Software	Senior Secured	October 2020	Interest rate PRIME + 5.45%	$ 6,000	5,980	6,072

or Floor rate of 8.95%

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	Software	Senior Secured	July 2021	Interest rate PRIME + 6.00% or Floor rate of 9.50%, PIK Interest 1.25%	$ 4,048	$ 4,028	$ 4,022
	Software	Senior Secured	July 2022	Interest rate PRIME + 6.00% or Floor rate of 9.50%, PIK Interest 1.25%	$ 2,500	2,483	2,483
Total Evernote Corporation					$ 12,548	12,491	12,577
Fuze, Inc.[13)(14)(15)(16)(19]	Software	Senior Secured	July 2021	Interest rate PRIME + 3.70% or Floor rate of 7.95%, PIK Interest 1.55%, 3.55% Exit Fee	$ 50,728	51,097	51,014
Impact Radius Holdings, Inc.[12)(14]	Software	Senior Secured	December 2020	Interest rate PRIME + 4.25% or Floor rate of 8.75%, PIK Interest 1.55%, 1.75% Exit Fee	$ 10,111	10,151	10,055
	Software	Senior Secured	December 2020	Interest rate PRIME + 4.25% or Floor rate of 8.75%,	$ 2,000	2,000	1,977

				PIK Interest 1.55%			
Total Impact Radius Holdings, Inc.					$ 12,111	12,151	12,032
Insurance Technologies Corporation(17)	Software	Senior Secured	March 2023	Interest rate 3-month LIBOR + 7.75% or Floor rate of 8.75%	$ 12,500	12,261	12,261
Lightbend, Inc.(14)(15)	Software	Senior Secured	August 2021	Interest rate PRIME + 4.25% or Floor rate of 8.50%, PIK Interest 2.00%	$ 11,066	10,884	10,884
Lithium Technologies, Inc.(17)	Software	Senior Secured	October 2022	Interest rate 3-month LIBOR + 8.00% or Floor rate of 9.00%	$ 12,000	11,762	11,762
Microsystems Holding Company, LLC(13)(19)	Software	Senior Secured	July 2022	Interest rate 3-month LIBOR + 8.25% or Floor rate of 9.25%	$ 12,000	11,837	11,873
OneLogin, Inc.(14)(15)	Software	Senior Secured	July 2021	Interest rate PRIME + 5.95% or Floor rate of 10.70%, PIK Interest 2.00%	$ 21,153	20,953	20,935
Quid, Inc.(14)(15)	Software	Senior Secured	October 2019	Interest rate PRIME + 4.75% or Floor rate of 8.25%, PIK Interest 2.25%, 3.00% Exit Fee	$ 8,398	8,533	8,554
RapidMiner, Inc.(12)(14)	Software	Senior Secured	December 2020	Interest rate PRIME + 5.50% or Floor rate of 9.75%, PIK Interest 1.65%	$ 7,060	7,037	6,963
Regent Education(14)	Software	Senior Secured	January 2021	Interest rate FIXED 10.00%, PIK Interest 2.00%, 6.35% Exit Fee	$ 3,275	3,299	2,144
Salsa Labs, Inc.(17)	Software	Senior Secured	April 2023	Interest rate 3-month LIBOR + 8.15% or Floor rate of 9.15%	$ 6,000	5,884	5,884
Signpost, Inc.(14)	Software	Senior Secured	February 2020	Interest rate PRIME + 4.15% or Floor rate of 8.15%,	$ 15,647	15,932	15,840

				PIK Interest 1.75%, 3.75% Exit Fee			
Vela Trading Technologies(18)	Software	Senior Secured	July 2022	Interest rate 3-month LIBOR + 9.50% or Floor rate of 10.50%	$ 20,000	19,543	19,434
Wrike, Inc.(13)(14)(19)	Software	Senior Secured	February 2021	Interest rate PRIME + 6.00% or Floor rate of 9.50%, PIK Interest 2.00%, 3.00% Exit Fee	$ 10,268	10,056	10,180

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vare	Senior Secured	April 2021	Interest rate 3-month LIBOR + 9.50% or Floor rate of 10.50%, 1.00% Exit Fee	$ 20,000
vare	Senior Secured	November 2021	Interest rate 3-month LIBOR + 9.50% or Floor rate of 10.50%, 1.00% Exit Fee	$ 10,000
				$ 30,000
rity				
%)*				
cal ces	Unsecured Convertible Debt	May 2019	PIK Interest 8.00%	$ 105
Maturity				
s (0.01%)*				
ble				
inable wable nology	Senior Secured	August 2020	Interest rate 3-month LIBOR + 8.75% or Floor rate of 9.75%, 2.00% Exit Fee	$ 15,758
inable wable nology	Senior Secured	April 2020	Interest rate PRIME + 5.40% or Floor rate of 9.90%, 6.68% Exit Fee	$ 13,091
inable	Senior Secured	April 2020	Interest rate PRIME + 5.40%	$ 11,909

wable nology			or Floor rate of 9.90%, 8.50% Exit Fee	
.				$ 25,000
inable wable nology	Senior Secured	August 2019	Interest rate PRIME + 8.70% or Floor rate of 12.95%, 4.50% Exit Fee	$ 10,500
inable wable nology	Senior Secured	July 2021	Interest rate PRIME + 3.95% or Floor rate of 8.95%, 10.00% Exit Fee	$ 15,000
inable wable nology	Senior Secured	March 2021	Interest rate PRIME + 5.00% or Floor rate of 9.25%, 6.95% Exit Fee	$ 7,500
inable wable nology	Senior Secured	November 2020	Interest rate PRIME + 3.70% or Floor rate of 7.95%, PIK Interest 1.75%, 5.95% Exit Fee	$ 25,259
inable wable nology	Senior Secured	November 2020	Interest rate PRIME + 3.70% or Floor rate of 7.95%, PIK Interest 1.75%, 7.00% Exit Fee	$ 5,052
				$ 30,311
rity				
l Renewable Technology (11.08%)*				
(160.43%)*				

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Equity Investments						
Biotechnology Tools						
NuGEN Technologies, Inc.[15]	Biotechnology Tools	Equity	Common Stock	55,780	$ 500	$
Subtotal: Biotechnology Tools (0.00%)*					500	
Communications & Networking						
GlowPoint, Inc.[4]	Communications & Networking	Equity	Common Stock	114,192	102	23
Peerless Network Holdings, Inc.	Communications & Networking	Equity	Preferred Series A	1,135,000	1,229	6,204
Subtotal: Communications & Networking (0.65%)*					1,331	6,227
Diagnostic						
Singulex, Inc.	Diagnostic	Equity	Common Stock	937,998	750	407
Subtotal: Diagnostic (0.04%)*					750	407
Diversified Financial Services						
Gibraltar Business Capital, LLC[7]	Diversified Financial Services	Equity	Common Stock	830,000	1,884	1,884
	Diversified Financial Services	Equity	Preferred Series A	10,602,752	25,896	25,896
Total Gibraltar Business Capital, LLC.				11,432,752	27,780	27,780

Subtotal: Diversified Financial Services (2.88%)*					27,780	27,780
Drug Delivery						
AcelRx Pharmaceuticals, Inc.(4)	Drug Delivery	Equity	Common Stock	54,240	108	183
BioQ Pharma Incorporated(15)	Drug Delivery	Equity	Preferred Series D	165,000	500	705
Edge Therapeutics, Inc.(4)	Drug Delivery	Equity	Common Stock	49,965	309	51
Neos Therapeutics, Inc.(4)(15)	Drug Delivery	Equity	Common Stock	125,000	1,500	781
Subtotal: Drug Delivery (0.18%)*					2,417	1,720
Drug Discovery & Development						
Aveo Pharmaceuticals, Inc.(4)(10)(15)	Drug Discovery & Development	Equity	Common Stock	1,901,791	1,715	4,481
Axovant Sciences Ltd.(4)(5)(10)(16)	Drug Discovery & Development	Equity	Common Stock	129,827	1,269	293
Cerecor, Inc.(4)	Drug Discovery & Development	Equity	Common Stock	119,087	1,000	517
Dare Biosciences, Inc. (p.k.a. Cerulean Pharma, Inc.)(4)	Drug Discovery & Development	Equity	Common Stock	13,550	1,000	16
Dicerna Pharmaceuticals, Inc.(4)(15)	Drug Discovery & Development	Equity	Common Stock	142,858	1,000	1,749
Dynavax Technologies(4)(10)	Drug Discovery & Development	Equity	Common Stock	20,000	550	305
Eidos Therapeutics, Inc.(4)(10)	Drug Discovery & Development	Equity	Common Stock	15,000	255	305
Genocea Biosciences, Inc.(4)	Drug Discovery & Development	Equity	Common Stock	223,463	2,000	191
Insmed, Incorporated(4)	Drug Discovery & Development	Equity	Common Stock	70,771	1,000	1,724
Melinta Therapeutics(4)	Drug Discovery & Development	Equity	Common Stock	51,821	2,000	330
Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.)(4)(10)(16)	Drug Discovery & Development	Equity	Common Stock	76,362	2,744	779

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Portfolio Company	Sub-Industry	Type of Investment(1)	Series	Shares	Cost(3)	Value(4)
Rocket Pharmaceuticals, Ltd (p.k.a. Inotek Pharmaceuticals Corporation)(4)	Drug Discovery & Development	Equity	Common Stock	944	$ 1,500	$ 19
Tricida, Inc.(4)	Drug Discovery & Development	Equity	Common Stock	105,260	2,000	3,147
Subtotal: Drug Discovery & Development (1.44%)*					18,033	13,856
Electronics & Computer Hardware						
Identiv, Inc.(4)	Electronics & Computer Hardware	Equity	Common Stock	6,700	34	25
Subtotal: Electronics & Computer Hardware (0.00%)*					34	25
Information Services						
DocuSign, Inc.(4)	Information Services	Equity	Common Stock	385,000	6,081	20,386
Subtotal: Information Services (2.12%)*					6,081	20,386
Internet Consumer & Business Services						
Blurb, Inc.(15)	Internet Consumer & Business Services	Equity	Preferred Series B	220,653	175	90
		Equity	Common Stock	9,023	93	

Brigade Group, Inc. (p.k.a. Philotic, Inc.)	Internet Consumer & Business Services					
Lightspeed POS, Inc.(5)(10)	Internet Consumer & Business Services	Equity	Preferred Series C	230,030	250	283
	Internet Consumer & Business Services	Equity	Preferred Series D	198,677	250	255
Total Lightspeed POS, Inc.				428,707	500	538
OfferUp, Inc.	Internet Consumer & Business Services	Equity	Preferred Series A	286,080	1,663	1,920
	Internet Consumer & Business Services	Equity	Preferred Series A-1	108,710	632	729
Total OfferUp, Inc.				394,790	2,295	2,649
Oportun (p.k.a. Progress Financial)	Internet Consumer & Business Services	Equity	Preferred Series G	218,351	250	337
	Internet Consumer & Business Services	Equity	Preferred Series H	87,802	250	247
Total Oportun (p.k.a. Progress Financial)				306,153	500	584
RazorGator Interactive Group, Inc.	Internet Consumer & Business Services	Equity	Preferred Series AA	34,783	15	
Tectura Corporation(7)	Internet Consumer & Business Services	Equity	Common Stock	414,994,863	900	
	Internet Consumer & Business Services	Equity	Preferred Series BB	1,000,000		
Total Tectura Corporation				415,994,863	900	
Subtotal: Internet Consumer & Business Services (0.40%)*					4,478	3,861
Media/Content/Info						
Pinterest, Inc.	Media/Content/Info	Equity	Preferred Series Seed	620,000	4,085	4,681
Subtotal: Media/Content/Info (0.49%)*					4,085	4,681
Medical Devices & Equipment						
AtriCure, Inc.(4)(15)	Medical Devices &	Equity	Common Stock	7,536	266	204

Equipment	

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Flowonix Medical Incorporated	Medical Devices & Equipment	Equity	Preferred Series AA	221,893	$ 1,500	$
Gelesis, Inc.[15]	Medical Devices & Equipment	Equity	Common Stock	198,202		657
	Medical Devices & Equipment	Equity	Preferred Series A-1	191,210	425	729
	Medical Devices & Equipment	Equity	Preferred Series A-2	191,626	500	680
Total Gelesis, Inc.				581,038	925	2,066
Medrobotics Corporation[15]	Medical Devices & Equipment	Equity	Preferred Series E	136,798	250	93
	Medical Devices & Equipment	Equity	Preferred Series F	73,971	155	86
	Medical Devices & Equipment	Equity	Preferred Series G	163,934	500	252
Total Medrobotics Corporation				374,703	905	431
Optiscan Biomedical, Corp.[6][15]	Medical Devices & Equipment	Equity	Preferred Series B	6,185,567	3,000	411
	Medical Devices & Equipment	Equity	Preferred Series C	1,927,309	655	119
	Medical Devices &	Equity	Preferred Series D	55,103,923	5,257	3,721

	Equipment					
	Medical Devices & Equipment	Equity	Preferred Series E	31,199,131	2,609	2,843
Total Optiscan Biomedical, Corp.				94,415,930	11,521	7,094
Outset Medical, Inc. (p.k.a. Home Dialysis Plus, Inc.)	Medical Devices & Equipment	Equity	Preferred Series B	232,061	527	723
Quanterix Corporation(4)	Medical Devices & Equipment	Equity	Common Stock	84,778	1,000	1,217
Subtotal: Medical Devices & Equipment (1.22%)*					16,644	11,735
Software						
Braxton Technologies, LLC	Software	Equity	Class A Units	62,735	188	267
CapLinked, Inc.	Software	Equity	Preferred Series A-3	53,614	51	90
Druva, Inc.	Software	Equity	Preferred Series 2	458,841	1,000	1,455
	Software	Equity	Preferred Series 3	93,620	300	358
Total Druva, Inc.				552,461	1,300	1,813
HighRoads, Inc.	Software	Equity	Common Stock	190	307	
NewVoiceMedia Limited(5)(10)	Software	Equity	Preferred Series E	669,173	963	1,570
Palantir Technologies	Software	Equity	Preferred Series E	727,696	5,431	4,797
	Software	Equity	Preferred Series G	326,797	2,211	2,155
Total Palantir Technologies				1,054,493	7,642	6,952
Sprinklr, Inc.	Software	Equity	Common Stock	700,000	3,749	4,069
WildTangent, Inc.(15)	Software	Equity	Preferred Series 3	100,000	402	183
Subtotal: Software (1.55%)*					14,602	14,944
Surgical Devices						
Gynesonics, Inc.(15)	Surgical Devices	Equity	Preferred Series B	219,298	250	61
	Surgical Devices	Equity	Preferred Series C	656,538	282	85
	Surgical Devices	Equity	Preferred Series D	1,991,157	712	906

	Surgical Devices	Equity	Preferred Series E	2,786,367	429	610
Total Gynesonics, Inc.				5,653,360	1,673	1,662
Transmedics, Inc.	Surgical Devices	Equity	Preferred Series B	88,961	1,100	447
	Surgical Devices	Equity	Preferred Series C	119,999	300	418

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	Surgical Devices	Equity	Preferred Series D	260,000	$ 650	$ 1,160
	Surgical Devices	Equity	Preferred Series F	100,200	500	591
Total Transmedics, Inc.				569,160	2,550	2,616
Subtotal: Surgical Devices (0.44%)*					4,223	4,278
Sustainable and Renewable Technology						
Flywheel Building Intelligence, Inc. (p.k.a. SCIEnergy, Inc.)	Sustainable and Renewable Technology	Equity	Common Stock	192	761	
Modumetal, Inc.	Sustainable and Renewable Technology	Equity	Preferred Series C	3,107,520	500	91
Proterra, Inc.	Sustainable and Renewable Technology	Equity	Preferred Series 5	99,280	500	522
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)[6]	Sustainable and Renewable Technology	Equity	Common Stock	288	61,502	10,996
Subtotal: Sustainable and Renewable Technology (1.20%)*					63,263	11,609
Total: Equity Investments (12.61%)*					**164,221**	**121,509**
Warrant Investments						
Biotechnology Tools						
Labcyte, Inc.[15]	Biotechnology Tools	Warrant	Preferred Series C	1,127,624	323	514
Subtotal: Biotechnology Tools (0.05%)*					323	514

Communications & Networking						
Peerless Network Holdings, Inc.	Communications & Networking	Warrant	Common Stock	3,328		14
Spring Mobile Solutions, Inc.	Communications & Networking	Warrant	Common Stock	2,834,375	418	
Subtotal: Communications & Networking (0.00%)*					418	14
Consumer & Business Products						
Gadget Guard (p.k.a Antenna79)(15)	Consumer & Business Products	Warrant	Common Stock	1,662,441	228	
Intelligent Beauty, Inc.(15)	Consumer & Business Products	Warrant	Preferred Series B	190,234	230	188
The Neat Company(15)	Consumer & Business Products	Warrant	Preferred Series C-1	540,540	365	
WHOOP, INC.	Consumer & Business Products	Warrant	Preferred Series C	68,627	18	18
Subtotal: Consumer & Business Products (0.02%)*					841	206
Drug Delivery						
AcelRx Pharmaceuticals, Inc.(4)(15)	Drug Delivery	Warrant	Common Stock	176,730	786	174
Agile Therapeutics, Inc.(4)	Drug Delivery	Warrant	Common Stock	180,274	730	3
BioQ Pharma Incorporated	Drug Delivery	Warrant	Common Stock	459,183	1	658
Celsion Corporation(4)	Drug Delivery	Warrant	Common Stock	13,927	428	
Dance Biopharm, Inc.(15)	Drug Delivery	Warrant	Common Stock	110,882	74	
Edge Therapeutics, Inc.(4)	Drug Delivery	Warrant	Common Stock	78,595	390	20
Kaleo, Inc. (p.k.a. Intelliject, Inc.)	Drug Delivery	Warrant	Preferred Series B	82,500	594	1,222
Neos Therapeutics, Inc.(4)(15)	Drug Delivery	Warrant	Common Stock	70,833	285	25
Pulmatrix Inc.(4)	Drug Delivery	Warrant	Common Stock	25,150	116	
ZP Opco, Inc. (p.k.a. Zosano Pharma)(4)	Drug Delivery	Warrant	Common Stock	3,618	266	
Subtotal: Drug Delivery (0.22%)*					3,670	2,102

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Drug Discovery & Development						
Acacia Pharma Inc.[4]	Drug Discovery & Development	Warrant	Common Stock	201,330	$ 304	$ 304
ADMA Biologics, Inc.[4]	Drug Discovery & Development	Warrant	Common Stock	89,750	295	30
Auris Medical Holding, AG[4][5][10]	Drug Discovery & Development	Warrant	Common Stock	15,672	249	
Brickell Biotech, Inc.	Drug Discovery & Development	Warrant	Preferred Series C	26,086	119	60
Cerecor, Inc.[4]	Drug Discovery & Development	Warrant	Common Stock	22,328	70	25
Chroma Therapeutics, Ltd.[5][10]	Drug Discovery & Development	Warrant	Preferred Series D	325,261	490	
Cleveland BioLabs, Inc.[4][10][15]	Drug Discovery & Development	Warrant	Common Stock	7,813	105	1
Concert Pharmaceuticals, Inc.[4][10][15]	Drug Discovery & Development	Warrant	Common Stock	132,069	545	584
CTI BioPharma Corp. (p.k.a. Cell Therapeutics, Inc.)[4]	Drug Discovery & Development	Warrant	Common Stock	29,239	165	
CytRx Corporation[4][15]	Drug Discovery & Development	Warrant	Common Stock	105,694	160	24
		Warrant		17,190	369	

Dare Biosciences, Inc. (p.k.a. Cerulean Pharma, Inc.)[4]	Drug Discovery & Development		Common Stock			
Dicerna Pharmaceuticals, Inc.[4][15]	Drug Discovery & Development	Warrant	Common Stock	200	28	
Evofem Biosciences, Inc. (p.k.a Neothetics, Inc.)[4][15]	Drug Discovery & Development	Warrant	Common Stock	7,806	266	7
Fortress Biotech, Inc. (p.k.a. Coronado Biosciences, Inc.)[4]	Drug Discovery & Development	Warrant	Common Stock	73,009	142	11
Genocea Biosciences, Inc.[4]	Drug Discovery & Development	Warrant	Common Stock	403,136	431	160
Immune Pharmaceuticals[4]	Drug Discovery & Development	Warrant	Common Stock	10,742	164	
Melinta Therapeutics[4]	Drug Discovery & Development	Warrant	Common Stock	40,545	626	
Motif BioSciences Inc.[4][5][10][15]	Drug Discovery & Development	Warrant	Common Stock	73,452	282	198
Myovant Sciences, Ltd.[4][5][10]	Drug Discovery & Development	Warrant	Common Stock	73,710	460	892
Neuralstem, Inc.[4][15]	Drug Discovery & Development	Warrant	Common Stock	5,783	77	
Ology Bioservices, Inc. (p.k.a. Nanotherapeutics, Inc.)[15]	Drug Discovery & Development	Warrant	Common Stock	171,389	838	
Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.)[4][10][15][16]	Drug Discovery & Development	Warrant	Common Stock	75,214	178	33
Savara Inc. (p.k.a. Mast Therapeutics, Inc.)[4][15]	Drug Discovery & Development	Warrant	Common Stock	32,467	203	130
Sorrento Therapeutics, Inc.[4][10]	Drug Discovery & Development	Warrant	Common Stock	306,748	889	1,075
Stealth Bio Therapeutics Corp.[5][10]	Drug Discovery & Development	Warrant	Preferred Series A	650,000	158	188
Tricida, Inc.[4][15]	Drug Discovery & Development	Warrant	Common Stock	53,458	222	918
uniQure B.V.[4][5][10]	Drug Discovery &	Warrant	Common Stock	37,174	218	701

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XOMA Corporation[4][10][15]	Drug Discovery & Development	Warrant	Common Stock	9,063	$ 279	$ 9
Subtotal: Drug Discovery & Development (0.56%)*					8,332	5,350
Electronics & Computer Hardware						
908 DEVICES INC.[15]	Electronics & Computer Hardware	Warrant	Preferred Series D	79,856	100	68
Clustrix, Inc.	Electronics & Computer Hardware	Warrant	Common Stock	50,000	12	
Subtotal: Electronics & Computer Hardware (0.01%)*					112	68
Healthcare Services, Other						
Chromadex Corporation[4][15]	Healthcare Services, Other	Warrant	Common Stock	139,673	157	126
Subtotal: Healthcare Services, Other (0.01%)*					157	126
Information Services						
INMOBI Inc.[5][10]	Information Services	Warrant	Common Stock	65,587	82	
InXpo, Inc.[15]	Information Services	Warrant	Preferred Series C-1	898,134	49	74
MDX Medical, Inc.[15]	Information Services	Warrant	Common Stock	2,812,500	283	296
Netbase Solutions, Inc.	Information Services	Warrant	Preferred Series 1	60,000	356	367
RichRelevance, Inc.[15]	Information Services	Warrant	Preferred Series E	112,612	98	

Subtotal: Information Services (0.08%)*					868	737
Internet Consumer & Business Services						
Aria Systems, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series G	231,535	73	
Art.com, Inc.[15]	Internet Consumer & Business Services	Warrant	Preferred Series B	311,005	66	106
Blurb, Inc.[15]	Internet Consumer & Business Services	Warrant	Preferred Series C	234,280	636	42
ClearObject, Inc. (p.k.a. CloudOne, Inc.)	Internet Consumer & Business Services	Warrant	Preferred Series E	968,992	19	177
Cloudpay, Inc.[5][10]	Internet Consumer & Business Services	Warrant	Preferred Series B	4,960	45	62
The Faction Group LLC	Internet Consumer & Business Services	Warrant	Preferred Series A	8,703	234	525
First Insight, Inc.[15]	Internet Consumer & Business Services	Warrant	Preferred Series B	45,551	56	57
Intent Media, Inc.[15]	Internet Consumer & Business Services	Warrant	Common Stock	140,077	168	230
Interactions Corporation	Internet Consumer & Business Services	Warrant	Preferred Series G-3	68,187	204	422
Just Fabulous, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series B	206,184	1,102	3,003
Lightspeed POS, Inc.[5][10]	Internet Consumer & Business Services	Warrant	Preferred Series C	245,610	20	133
LogicSource[15]	Internet Consumer &	Warrant	Preferred Series C	79,625	30	26

	Business Services					
Oportun (p.k.a. Progress Financial)	Internet Consumer & Business Services	Warrant	Preferred Series G	174,562	78	85
RumbleON, Inc.(4)	Internet Consumer & Business Services	Warrant	Common Stock	81,818	72	105
ShareThis, Inc.(15)	Internet Consumer & Business Services	Warrant	Preferred Series C	493,502	547	
Snagajob.com, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series A	1,800,000	782	332

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Tapjoy, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series D	748,670	$ 316	$ 42
Thumbtack, Inc.	Internet Consumer & Business Services	Warrant	Class A Units	102,821	124	101
TraceLink, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series A-2	283,353	1,832	2,705
Xometry, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series B	87,784	47	47
Subtotal: Internet Consumer & Business Services (0.85%)*					6,451	8,200
Media/Content/Info						
FanDuel, Inc.[10]	Media/Content/Info	Warrant	Common Stock	15,570		
	Media/Content/Info	Warrant	Preferred Series A	4,648	730	1,875
Total FanDuel, Inc.				20,218	730	1,875
Machine Zone, Inc.	Media/Content/Info	Warrant	Common Stock	1,552,710	1,958	3,972
Napster (p.k.a. Rhapsody International, Inc.)[15]	Media/Content/Info	Warrant	Common Stock	715,755	385	122
WP Technology, Inc. (Wattpad, Inc.)[5][10]	Media/Content/Info	Warrant	Common Stock	255,818	4	39
Zoom Media Group, Inc.	Media/Content/Info	Warrant	Preferred Series A	1,204	348	30
Subtotal: Media/Content/Info (0.63%)*					3,425	6,038

Medical Devices & Equipment						
Amedica Corporation(4)(15)	Medical Devices & Equipment	Warrant	Common Stock	8,603	459	
Aspire Bariatrics, Inc.(15)	Medical Devices & Equipment	Warrant	Preferred Series B-1	112,858	455	
Avedro, Inc.(15)	Medical Devices & Equipment	Warrant	Preferred Series AA	300,000	401	382
Flowonix Medical Incorporated	Medical Devices & Equipment	Warrant	Preferred Series AA	155,325	362	
Gelesis, Inc.(15)	Medical Devices & Equipment	Warrant	Preferred Series A-1	74,784	78	144
InspireMD, Inc.(4)(5)(10)	Medical Devices & Equipment	Warrant	Common Stock	1,124	242	
Intuity Medical, Inc.(15)	Medical Devices & Equipment	Warrant	Preferred Series 4	1,819,078	294	458
Medrobotics Corporation(15)	Medical Devices & Equipment	Warrant	Preferred Series E	455,539	370	106
Micell Technologies, Inc.	Medical Devices & Equipment	Warrant	Preferred Series D-2	84,955	262	164
NetBio, Inc.	Medical Devices & Equipment	Warrant	Preferred Series A	7,841	408	
NinePoint Medical, Inc.(15)	Medical Devices & Equipment	Warrant	Preferred Series A-1	587,840	170	126
Optiscan Biomedical, Corp.(6)	Medical Devices & Equipment	Warrant	Preferred Series E	7,442,491	572	233
Outset Medical, Inc. (p.k.a. Home Dialysis Plus, Inc.)	Medical Devices & Equipment	Warrant	Preferred Series A	500,000	402	630
Quanterix Corporation(4)	Medical Devices & Equipment	Warrant	Common Stock	66,039	204	199
Sebacia, Inc.(15)	Medical Devices & Equipment	Warrant	Preferred Series D	778,301	133	173
SonaCare Medical, LLC (p.k.a. US HIFU, LLC)	Medical Devices & Equipment	Warrant	Preferred Series A	6,464	188	
Tela Bio, Inc.(15)	Medical Devices & Equipment	Warrant	Preferred Series B	387,930	62	195

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ViewRay, Inc.[4][15]	Medical Devices & Equipment	Warrant	Common Stock	128,231	$ 333	$ 239
Subtotal: Medical Devices & Equipment (0.32%)*					5,395	3,049
Semiconductors						
Achronix Semiconductor Corporation[15]	Semiconductors	Warrant	Preferred Series C	360,000	159	475
	Semiconductors	Warrant	Preferred Series D-2	750,000	99	718
Total Achronix Semiconductor Corporation				1,110,000	258	1,193
Aquantia Corp.[4]	Semiconductors	Warrant	Common Stock	19,683	4	10
Avnera Corporation	Semiconductors	Warrant	Preferred Series E	141,567	47	248
Subtotal: Semiconductors (0.15%)*					309	1,451
Software						
Actifio, Inc.	Software	Warrant	Common Stock	73,584	249	82
	Software	Warrant	Preferred Series F	31,673	343	76
Total Actifio, Inc.				105,257	592	158
CareCloud Corporation[15]	Software	Warrant	Preferred Series B	413,433	258	39
Clickfox, Inc.[15]	Software	Warrant	Preferred Series B	1,038,563	330	66
	Software	Warrant	Preferred Series C	592,019	730	53

	Software	Warrant	Preferred Series C-A	2,218,214	230	427
Total Clickfox, Inc.				3,848,796	1,290	546
DNAnexus, Inc.	Software	Warrant	Preferred Series C	909,091	97	84
Evernote Corporation[15]	Software	Warrant	Common Stock	62,500	106	248
Fuze, Inc.[15][16]	Software	Warrant	Preferred Series F	256,158	89	
Lightbend, Inc.[15]	Software	Warrant	Preferred Series C-1	391,778	79	78
Mattersight Corporation[4]	Software	Warrant	Common Stock	357,143	538	144
Message Systems, Inc.[15]	Software	Warrant	Preferred Series C	503,718	334	451
Neos, Inc.[15]	Software	Warrant	Common Stock	221,150	22	
NewVoiceMedia Limited[5][10]	Software	Warrant	Preferred Series E	225,586	33	206
OneLogin, Inc.[15]	Software	Warrant	Common Stock	305,296	224	284
Poplicus, Inc.	Software	Warrant	Common Stock	132,168		
Quid, Inc.[15]	Software	Warrant	Preferred Series D	71,576	1	15
RapidMiner, Inc.	Software	Warrant	Preferred Series C-1	4,982	24	26
RedSeal Inc.[15]	Software	Warrant	Preferred Series C-Prime	640,603	66	36
Signpost, Inc.	Software	Warrant	Preferred Series C	324,005	314	180
Wrike, Inc.	Software	Warrant	Common Stock	698,760	462	1,676
Subtotal: Software (0.43%)*					4,529	4,171
Specialty Pharmaceuticals						
Alimera Sciences, Inc.[4]	Specialty Pharmaceuticals	Warrant	Common Stock	1,717,709	861	203
Subtotal: Specialty Pharmaceuticals (0.02%)*					861	203
Surgical Devices						
Gynesonics, Inc.[15]	Surgical Devices	Warrant	Preferred Series C	180,480	75	20
	Surgical Devices	Warrant	Preferred Series D	1,575,965	320	360

Total Gynesonics, Inc.				1,756,445	395	380
Transmedics, Inc.	Surgical Devices	Warrant	Preferred Series D	175,000	100	568
	Surgical Devices	Warrant	Preferred Series F	50,544	38	101
Total Transmedics, Inc.				225,544	138	669
Subtotal: Surgical Devices (0.11%)*					533	1,049

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Sustainable and Renewable Technology						
Agrivida, Inc.[15]	Sustainable and Renewable Technology	Warrant	Preferred Series D	471,327	$ 120	$
American Superconductor Corporation[4]	Sustainable and Renewable Technology	Warrant	Common Stock	58,823	39	66
Calera, Inc.[15]	Sustainable and Renewable Technology	Warrant	Preferred Series C	44,529	513	
Fluidic, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series D	61,804	102	
Flywheel Building Intelligence, Inc. (p.k.a. SCIEnergy, Inc.)	Sustainable and Renewable Technology	Warrant	Common Stock	5,310	181	
	Sustainable and Renewable Technology	Warrant	Preferred Series 2-A	63	50	
Total Flywheel Building Intelligence, Inc. (p.k.a. SCIEnergy, Inc.)				5,373	231	
Fulcrum Bioenergy, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series C-1	280,897	274	472
GreatPoint Energy, Inc.[15]	Sustainable and Renewable Technology	Warrant	Preferred Series D-1	393,212	548	
Kinestral Technologies, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series A	325,000	155	104
	Sustainable and Renewable	Warrant	Preferred Series B	131,883	63	32

	Technology					
Total Kinestral Technologies, Inc.				456,883	218	136
Polyera Corporation[15]	Sustainable and Renewable Technology	Warrant	Preferred Series C	311,609	338	
Proterra, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series 4	477,517	41	470
Rive Technology, Inc.[15]	Sustainable and Renewable Technology	Warrant	Preferred Series E	234,477	12	8
TAS Energy, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series AA	428,571	299	
Tendril Networks	Sustainable and Renewable Technology	Warrant	Preferred Series 3-A	1,019,793	189	
Subtotal: Sustainable and Renewable Technology (0.12%)*					2,924	1,152
Total: Warrant Investments (3.57%)*					**39,148**	**34,430**
Total Investments in Securities (176.60%)*					**$ 1,757,560**	**$ 1,701,936**

* Value as a percent of net assets

(1) Preferred and common stock, warrants, and equity interests are generally non-income producing.

(2) Interest rate PRIME represents 5.00% at June 30, 2018. Daily LIBOR, 1-month LIBOR, 3-month LIBOR and 12-month LIBOR represent 1.93%, 2.09%, 2.34% and 2.76%, respectively, at June 30, 2018.

(3) Gross unrealized appreciation, gross unrealized depreciation, and net unrealized depreciation for federal income tax purposes totaled $38.1 million, $102.0 million and $64.0 million respectively. The tax cost of investments is $1.7 billion.

(4) Except for warrants in 41 publicly traded companies and common stock in 21 publicly traded companies, all investments are restricted at June 30, 2018 and were valued at fair value using Level 3 significant unobservable inputs as determined in good faith by the Company s board of directors (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.

(5) Non-U.S. company or the company s principal place of business is outside the United States.

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(6) Affiliate investment as defined under the Investment Company Act of 1940, as amended, (the 1940 Act) in which Hercules owns at least 5% but generally less than 25% of the company s voting securities.
(7) Control investment as defined under the 1940 Act in which Hercules owns at least 25% of the company s voting securities or has greater than 50% representation on its board.
(8) Debt is on non-accrual status at June 30, 2018, and is therefore considered non-income producing. Note that at June 30, 2018, only the $10.7 million PIK, or payment-in-kind, loan is on non-accrual for the Company s debt investment in Tectura Corporation.
(9) Denotes that all or a portion of the debt investment is convertible debt.
(10) Indicates assets that the Company deems not qualifying assets under section 55(a) of 1940 Act. Qualifying assets must represent at least 70% of the Company s total assets at the time of acquisition of any additional non-qualifying assets.
(11) Denotes that all or a portion of the debt investment secures the notes offered in the Debt Securitization (as defined in Note 4).
(12) Denotes that all or a portion of the debt investment is pledged as collateral under the Wells Facility (as defined in Note 4).
(13) Denotes that all or a portion of the debt investment is pledged as collateral under the Union Bank Facility (as defined in Note 4).
(14) Denotes that all or a portion of the debt investment principal includes accumulated PIK interest and is net of repayments.
(15) Denotes that all or a portion of the investment in this portfolio company is held by Hercules Technology II, L.P., or HT II, or Hercules Technology III, L.P., or HT III, the Company s wholly owned small business investment companies, or SBIC, subsidiaries.
(16) Denotes that the fair value of the Company s total investments in this portfolio company represent greater than 5% of the Company s total assets at June 30, 2018.
(17) Denotes that there is an unfunded contractual commitment available at the request of this portfolio company at June 30, 2018. Refer to Note 10.
(18) Denotes unitranche debt with first lien last-out senior secured position and security interest in all assets of the portfolio company whereby the last-out portion will be subordinated to the first-out portion in a liquidation, sale or other disposition.
(19) Denotes second lien senior secured debt.

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Portfolio Company	Sub-Industry	Type of Investment[1]	Maturity Date	Interest Rate and Floor[2]	Principal Amount	Cost[3]	Value[4]
Debt Investments							
Biotechnology Tools							
1-5 Years Maturity							
Exicure, Inc.[12]	Biotechnology Tools	Senior Secured	September 2019	Interest rate PRIME + 6.45% or Floor rate of 9.95%, 3.85% Exit Fee	$ 4,999	$ 5,115	$ 5,146
Subtotal: 1-5 Years Maturity						5,115	5,146
Subtotal: Biotechnology Tools (0.61%)*						5,115	5,146
Communications & Networking							
Under 1 Year Maturity							
OpenPeak, Inc.[8]	Communications & Networking	Senior Secured	April 2018	Interest rate PRIME + 8.75% or Floor rate of 12.00%	$ 11,464	8,228	
Subtotal: Under 1 Year Maturity						8,228	
Subtotal: Communications & Networking (0.00%)*						8,228	
Consumer & Business Products							
Under 1 Year Maturity							
Antenna79 (p.k.a. Pong Research Corporation)[15]	Consumer & Business Products	Senior Secured	December 2018	Interest rate PRIME + 6.00% or Floor rate of 9.50%	$ 1,000	1,000	1,000

Subtotal: Under 1 Year Maturity						1,000	1,000
1-5 Years Maturity							
Antenna79 (p.k.a. Pong Research Corporation)(15)	Consumer & Business Products	Senior Secured	December 2019	Interest rate PRIME + 7.45% or Floor rate of 10.95%, 2.95% Exit Fee	$ 18,440	18,580	18,571
Second Time Around (Simplify Holdings, LLC)(7)(8)(15)	Consumer & Business Products	Senior Secured	February 2019	Interest rate PRIME + 7.25% or Floor rate of 10.75%, 4.75% Exit Fee	$ 1,746	1,781	
Subtotal: 1-5 Years Maturity						20,361	18,571
Subtotal: Consumer & Business Products (2.33%)*						21,361	19,571
Drug Delivery							
Under 1 Year Maturity							
Agile Therapeutics, Inc.(11)	Drug Delivery	Senior Secured	December 2018	Interest rate PRIME + 4.75% or Floor rate of 9.00%, 3.70% Exit Fee	$ 10,888	11,292	11,292
Pulmatrix Inc.(9)(11)	Drug Delivery	Senior Secured	July 2018	Interest rate PRIME + 6.25% or Floor rate of 9.50%, 3.50% Exit Fee	$ 3,259	3,455	3,455
ZP Opco, Inc. (p.k.a. Zosano Pharma)(11)	Drug Delivery	Senior Secured	December 2018	Interest rate PRIME + 2.70% or Floor rate of 7.95%, 2.87% Exit Fee	$ 6,316	6,609	6,609
Subtotal: Under 1 Year Maturity						21,356	21,356
1-5 Years Maturity							
AcelRx Pharmaceuticals, Inc.(10)(11)(15)	Drug Delivery	Senior Secured	March 2020	Interest rate PRIME + 6.05% or Floor rate of 9.55%, 11.69% Exit Fee	$ 18,653	18,925	18,875
Antares Pharma Inc.(10)(15)	Drug Delivery	Senior Secured	July 2022	Interest rate PRIME + 4.50% or Floor rate of 9.00%, 4.25% Exit Fee	$ 25,000	25,006	24,958

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Portfolio Company	Sub-Industry	Type of Investment(1)	Maturity Date	Interest Rate and Floor(2)	Principal Amount	Cost(3)	Value(4)
Edge Therapeutics, Inc.(12)	Drug Delivery	Senior Secured	February 2020	Interest rate PRIME + 4.65% or Floor rate of 9.15%, 4.95% Exit Fee	$ 20,000	$ 20,377	$ 20,331
Subtotal: 1-5 Years Maturity						64,308	64,164
Subtotal: Drug Delivery (10.17%)*						85,664	85,520
Drug Discovery & Development							
Under 1 Year Maturity							
CytRx Corporation(11)(15)	Drug Discovery & Development	Senior Secured	August 2018	Interest rate PRIME + 6.00% or Floor rate of 9.50%, 7.09% Exit Fee	$ 9,986	11,172	11,172
Epirus Biopharmaceuticals, Inc.(8)	Drug Discovery & Development	Senior Secured	April 2018	Interest rate PRIME + 4.70% or Floor rate of 7.95%, 3.00% Exit Fee	$ 3,027	3,310	340
Subtotal: Under 1 Year Maturity						14,482	11,512
1-5 Years Maturity							
Auris Medical Holding, AG(5)(10)	Drug Discovery & Development	Senior Secured	January 2020	Interest rate PRIME + 6.05%	$ 10,341	10,610	10,563

				or Floor rate of 9.55%, 5.75% Exit Fee			
Aveo Pharmaceuticals, Inc.(10)(13)	Drug Discovery & Development	Senior Secured	July 2021	Interest rate PRIME + 4.70% or Floor rate of 9.45%, 5.40% Exit Fee	$ 10,000	10,345	10,344
	Drug Discovery & Development	Senior Secured	July 2021	Interest rate PRIME + 4.70% or Floor rate of 9.45%, 3.00% Exit Fee	$ 10,000	9,918	9,915
Total Aveo Pharmaceuticals, Inc.					$ 20,000	20,263	20,259
Axovant Sciences Ltd.(5)(10)	Drug Discovery & Development	Senior Secured	March 2021	Interest rate PRIME + 6.80% or Floor rate of 10.55%	$ 55,000	53,631	53,448
Brickell Biotech, Inc.(12)	Drug Discovery & Development	Senior Secured	September 2019	Interest rate PRIME + 5.70% or Floor rate of 9.20%, 6.75% Exit Fee	$ 6,090	6,380	6,361
Chemocentryx, Inc.(10)(15)(17)	Drug Discovery & Development	Senior Secured	December 2021	Interest rate PRIME + 3.30% or Floor rate of 8.05%, 6.25% Exit Fee	$ 5,000	4,947	4,947
Genocea Biosciences, Inc.(11)	Drug Discovery & Development	Senior Secured	January 2019	Interest rate PRIME + 2.25% or Floor rate of 7.25%, 4.95% Exit Fee	$ 13,851	14,482	14,385
Insmed, Incorporated(11)	Drug Discovery & Development	Senior Secured	October 2020	Interest rate PRIME + 4.75% or Floor rate of 9.25%, 4.86% Exit Fee	$ 55,000	55,425	54,963
Metuchen Pharmaceuticals LLC(12)(14)	Drug Discovery & Development	Senior Secured	October 2020	Interest rate PRIME + 7.25% or Floor rate of 10.75%, PIK Interest 1.35%, 2.25% Exit Fee	$ 25,561	25,721	25,643
Motif BioSciences Inc.(15)	Drug Discovery & Development	Senior Secured	September 2021	Interest rate PRIME + 5.50% or Floor rate of 10.00%, 2.15% Exit Fee	$ 15,000	14,651	14,651
			May 2021		$ 25,000	24,704	24,704

Myovant Sciences, Ltd.(5)(10)(13)(17)	Drug Discovery & Development	Senior Secured		Interest rate PRIME + 4.00% or Floor rate of 8.25%, 6.55% Exit Fee			
Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.)(15)	Drug Discovery & Development	Senior Secured	September 2020	Interest rate PRIME + 2.75% or Floor rate of 8.50%, 4.50% Exit Fee	$ 40,000	40,144	39,829
	Drug Discovery & Development	Senior Secured	September 2020	Interest rate PRIME + 2.75% or Floor rate of 8.50%, 4.50% Exit Fee	$ 10,000	10,040	9,958

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Portfolio Company	Sub-Industry	Type of Investment[1]	Maturity Date	Interest Rate and Floor[2]	Principal Amount	Cost[3]	Value[4]
	Drug Discovery & Development	Senior Secured	September 2020	Interest rate PRIME + 2.75% or Floor rate of 8.50%, 2.25% Exit Fee	$ 10,000	$ 9,964	$ 9,895
Total Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.)					$ 60,000	60,148	59,682
PhaseRx, Inc.[15]	Drug Discovery & Development	Senior Secured	December 2019	Interest rate PRIME + 5.75% or Floor rate of 9.25%, 5.85% Exit Fee	$ 4,694	4,842	1,917
Stealth Bio Therapeutics Corp.[5][10][12]	Drug Discovery & Development	Senior Secured	January 2021	Interest rate PRIME + 5.50% or Floor rate of 9.50%, 5.00% Exit Fee	$ 15,000	14,898	14,847
uniQure B.V.[5][10][11]	Drug Discovery & Development	Senior Secured	May 2020	Interest rate PRIME + 3.00% or Floor rate of 8.25%, 5.48% Exit Fee	$ 20,000	20,579	20,543
Verastem, Inc.[12][17]	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 6.00% or Floor rate of 10.50%, 4.50% Exit Fee	$ 5,000	4,957	4,910
	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 6.00%	$ 5,000	4,996	4,949

				or Floor rate of 10.50%, 4.50% Exit Fee			
	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 6.00%			
				or Floor rate of 10.50%, 4.50% Exit Fee	$ 5,000	4,953	4,907
Total Verastem, Inc.					$ 15,000	14,906	14,766
Subtotal: 1-5 Years Maturity						346,187	341,679
Subtotal: Drug Discovery & Development (42.00%)*						360,669	353,191
Electronics & Computer Hardware							
1-5 Years Maturity							
908 DEVICES INC.(15)	Electronics & Computer Hardware	Senior Secured	September 2020	Interest rate PRIME + 4.00%			
				or Floor rate of 8.25%, 4.25% Exit Fee	$ 10,000	10,014	9,887
Subtotal: 1-5 Years Maturity						10,014	9,887
Subtotal: Electronics & Computer Hardware (1.18%)*						10,014	9,887
Healthcare Services, Other							
1-5 Years Maturity							
Medsphere Systems Corporation(14)(15)	Healthcare Services, Other	Senior Secured	February 2021	Interest rate PRIME + 4.75%			
				or Floor rate of 9.00%,			
				PIK Interest 1.75%	$ 17,607	17,437	17,437
	Healthcare Services, Other	Senior Secured	February 2021	Interest rate PRIME + 4.75%			
				or Floor rate of 9.00%,			
				PIK Interest 1.75%	$ 5,009	4,963	4,963
Total Medsphere Systems Corporation					$ 22,616	22,400	22,400
Oak Street Health(12)	Healthcare Services, Other	Senior Secured	September 2021	Interest rate PRIME + 5.00%			
				or Floor rate of 9.75%, 5.95% Exit Fee	$ 20,000	19,965	19,965
PH Group Holdings(13)	Healthcare Services, Other	Senior Secured	September 2020	Interest rate PRIME + 7.45%			
				or Floor rate of 10.95%	$ 20,000	19,878	19,803

	Healthcare Services, Other	Senior Secured	September 2020	Interest rate PRIME + 7.45%			
				or Floor rate of 10.95%	$ 10,000	9,922	9,840
Total PH Group Holdings					$ 30,000	29,800	29,643
Subtotal: 1-5 Years Maturity						72,165	72,008
Subtotal: Healthcare Services, Other (8.56%)*						72,165	72,008

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Portfolio Company	Sub-Industry	Type of Investment[1]	Maturity Date	Interest Rate and Floor[2]	Principal Amount	Cost[3]	Value[4]
Information Services							
1-5 Years Maturity							
MDX Medical, Inc.[14][15][17]	Information Services	Senior Secured	December 2020	Interest rate PRIME + 4.25% or Floor rate of 8.25%, PIK Interest 1.70%	$ 7,568	$ 7,369	$ 7,327
Netbase Solutions, Inc.[13][14]	Information Services	Senior Secured	August 2020	Interest rate PRIME + 6.00% or Floor rate of 10.00%, PIK Interest 2.00%, 3.00% Exit Fee	$ 9,051	8,730	8,730
Subtotal: 1-5 Years Maturity						16,099	16,057
Subtotal: Information Services (1.91%)*						16,099	16,057
Internet Consumer & Business Services							
1-5 Years Maturity							
AppDirect, Inc.	Internet Consumer & Business Services	Senior Secured	January 2022	Interest rate PRIME + 5.70% or Floor rate of 9.95%, 3.45% Exit Fee	$ 10,000	9,885	9,885
Aria Systems, Inc.[11][14]	Internet Consumer & Business	Senior Secured	June 2019	Interest rate PRIME + 3.20%	$ 2,103	2,104	1,803

	Services			or Floor rate of 6.95%, PIK Interest 1.95%, 1.50% Exit Fee			
	Internet Consumer & Business Services	Senior Secured	June 2019	Interest rate PRIME + 5.20% or Floor rate of 8.95%, PIK Interest 1.95%, 1.50% Exit Fee	$ 18,832	18,839	16,144
Total Aria Systems, Inc.					$ 20,935	20,943	17,947
Greenphire Inc.	Internet Consumer & Business Services	Senior Secured	January 2021	Interest rate 3-month LIBOR + 8.00% or Floor rate of 9.00%	$ 3,883	3,883	3,883
	Internet Consumer & Business Services	Senior Secured	January 2021	Interest rate PRIME + 3.75% or Floor rate of 7.00%	$ 1,000	1,000	1,000
Total Greenphire Inc.					$ 4,883	4,883	4,883
Intent Media, Inc.(14)(15)	Internet Consumer & Business Services	Senior Secured	May 2019	Interest rate PRIME + 5.25% or Floor rate of 8.75%, PIK Interest 1.00%, 2.00% Exit Fee	$ 5,050	5,011	5,027
	Internet Consumer & Business Services	Senior Secured	May 2019	Interest rate PRIME + 5.50% or Floor rate of 9.00%, PIK Interest 2.35%, 2.00% Exit Fee	$ 2,020	1,987	1,991
	Internet Consumer & Business Services	Senior Secured	May 2019	Interest rate PRIME + 5.50% or Floor rate of 9.00%, PIK Interest 2.50%, 2.00% Exit Fee	$ 2,022	1,988	1,992
Total Intent Media, Inc.					$ 9,092	8,986	9,010
Interactions Corporation	Internet Consumer & Business Services	Senior Secured	March 2021	Interest rate 3-month LIBOR + 8.60% or Floor rate of 9.85%, 1.75% Exit Fee	$ 25,000	25,013	25,013
LogicSource(15)			October 2019		$ 6,452	6,701	6,726

	Internet Consumer & Business Services	Senior Secured		Interest rate PRIME + 6.25% or Floor rate of 9.75%, 5.00% Exit Fee			
Snagajob.com, Inc.(13)(14)	Internet Consumer & Business Services	Senior Secured	July 2020	Interest rate PRIME + 5.15% or Floor rate of 9.15%, PIK Interest 1.95%, 2.55% Exit Fee	$ 41,023	40,633	41,036

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ortfolio Company	Sub-Industry	Type of Investment[1]	Maturity Date	Interest Rate and Floor[2]	Principal Amount	Cost[3]	Value(4
ectura orporation[7][8][9][14]	Internet Consumer & Business Services	Senior Secured	June 2021	Interest rate FIXED 6.00%, PIK Interest 3.00%	$ 20,298	$ 20,298	$ 19,21
	Internet Consumer & Business Services	Senior Secured	June 2021	PIK Interest 8.00%	$ 11,015	240	
otal Tectura Corporation					$ 31,313	20,538	19,21
ne Faction Group	Internet Consumer & Business Services	Senior Secured	January 2021	Interest rate 3-month LIBOR + 9.25% or Floor rate of 10.25%	$ 8,000	8,000	8,00
	Internet Consumer & Business Services	Senior Secured	January 2019	Interest rate PRIME + 4.75% or Floor rate of 8.25%	$ 2,000	2,000	2,00
otal The Faction Group					$ 10,000	10,000	10,00
ubtotal: 1-5 Years Maturity						147,582	143,71
ubtotal: Internet Consumer & Business Services (17.09%)*						147,582	143,71
edia/Content/Info							
nder 1 Year Maturity							
achine Zone, c.[14][16]	Media/Content/Info	Senior Secured	May 2018	Interest rate PRIME + 2.50% or Floor rate of 6.75%, PIK Interest 3.00%	$ 106,986	106,641	106,64

ubtotal: Under 1 Year Maturity						106,641	106,64
5 Years Maturity							
ustle[14][15]	Media/Content/Info	Senior Secured	June 2021	Interest rate PRIME + 4.10% or Floor rate of 8.35%, PIK Interest 1.95%, 1.95% Exit Fee	$ 15,016	14,935	14,93
anDuel, Inc.[9][12][14]	Media/Content/Info	Senior Secured	November 2019	Interest rate PRIME + 7.25% or Floor rate of 10.75%, 10.41% Exit Fee	$ 19,354	19,762	19,69
	Media/Content/Info	Convertible Debt	September 2020	PIK Interest 25.00%	$ 1,000	1,000	1,00
otal FanDuel, Inc.					$ 20,354	20,762	20,69
ubtotal: 1-5 Years Maturity						35,697	35,63
ubtotal: Media/Content/Info (16.92%)*						142,338	142,27
edical Devices & Equipment							
nder 1 Year Maturity							
medica orporation[9][15]	Medical Devices & Equipment	Senior Secured	January 2018	Interest rate PRIME + 7.70% or Floor rate of 10.95%, 8.25% Exit Fee	$ 605	2,255	2,25
spire Bariatrics, c.[15]	Medical Devices & Equipment	Senior Secured	October 2018	Interest rate PRIME + 4.00% or Floor rate of 9.25%, 5.42% Exit Fee	$ 2,527	2,848	2,84
ubtotal: Under 1 Year Maturity						5,103	5,10
5 Years Maturity							
tegenX, Inc.[15]	Medical Devices & Equipment	Senior Secured	June 2019	Interest rate PRIME + 6.05% or Floor rate of 10.05%, 6.75% Exit Fee	$ 12,500	13,042	12,99
	Medical Devices & Equipment	Senior Secured	June 2019	Interest rate PRIME + 6.05% or Floor rate of 10.05%, 6.75% Exit Fee	$ 2,500	2,599	2,59
			June 2019		$ 2,500	2,618	2,60

	Medical Devices & Equipment	Senior Secured		Interest rate PRIME + 6.05% or Floor rate of 10.05%, 9.75% Exit Fee			
otal IntegenX, Inc.					$ 17,500	18,259	18,19
tuity Medical, c.[15]	Medical Devices & Equipment	Senior Secured	June 2021	Interest rate PRIME + 5.00% or Floor rate of 9.25%, 4.95% Exit Fee	$ 17,500	17,013	17,01

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Portfolio Company	Sub-Industry	Type of Investment(1)	Maturity Date	Interest Rate and Floor(2)	Principal Amount	Cost(3)	Value(4)
Micell Technologies, Inc.(12)	Medical Devices & Equipment	Senior Secured	August 2019	Interest rate PRIME + 7.25% or Floor rate of 10.50%, 5.00% Exit Fee	$ 5,469	$ 5,744	$ 5,708
Quanta Fluid Solutions(5)(10)(11)	Medical Devices & Equipment	Senior Secured	April 2020	Interest rate PRIME + 8.05% or Floor rate of 11.55%, 5.00% Exit Fee	$ 10,117	10,432	10,386
Quanterix Corporation(11)	Medical Devices & Equipment	Senior Secured	March 2019	Interest rate PRIME + 2.75% or Floor rate of 8.00%, 4.00% Exit Fee	$ 9,043	9,477	9,477
Sebacia, Inc.(15)	Medical Devices & Equipment	Senior Secured	July 2020	Interest rate PRIME + 4.35% or Floor rate of 8.85%, 6.05% Exit Fee	$ 8,000	7,927	7,919
Tela Bio, Inc.(15)	Medical Devices & Equipment	Senior Secured	December 2020	Interest rate PRIME + 4.95% or Floor rate of 9.45%, 3.15% Exit Fee	$ 5,000	4,991	4,973
Subtotal: 1-5 Years Maturity						73,843	73,666
Subtotal: Medical Devices & Equipment (9.37%)*						78,946	78,769
Semiconductors							

1-5 Years Maturity							
Achronix Semiconductor Corporation(15)(17)	Semiconductors	Senior Secured	August 2020	Interest rate PRIME + 7.00% or Floor rate of 11.00%, 12.50% Exit Fee	$ 5,000	5,084	5,100
	Semiconductors	Senior Secured	February 2019	Interest rate PRIME + 6.00% or Floor rate of 10.00%	$ 4,274	4,274	4,273
Total Achronix Semiconductor Corporation					$ 9,274	9,358	9,373
Subtotal: 1-5 Years Maturity						9,358	9,373
Subtotal: Semiconductors (1.11%)*						9,358	9,373
Software							
Under 1 Year Maturity							
Clickfox, Inc.(13)	Software	Senior Secured	May 2018	Interest rate PRIME + 8.00% or Floor rate of 11.50%, 12.01% Exit Fee	$ 6,378	7,671	7,671
Digital Train Limited (p.k.a. Jumpstart Games, Inc.)(15)	Software	Senior Secured	July 2018	Interest rate 12-month LIBOR + 2.50%	$ 5,671	5,671	4,073
Subtotal: Under 1 Year Maturity						13,342	11,744
1-5 Years Maturity							
Clarabridge, Inc.(12)(14)	Software	Senior Secured	April 2021	Interest rate PRIME + 4.80% or Floor rate of 8.55%, PIK Interest 3.25%	$ 40,893	40,870	41,063
Emma, Inc.	Software	Senior Secured	September 2022	Interest rate daily LIBOR + 7.75% or Floor rate of 8.75%	$ 50,000	48,565	48,565
Evernote Corporation(14)(15)(17)	Software	Senior Secured	October 2020	Interest rate PRIME + 5.45% or Floor rate of 8.95%	$ 6,000	5,974	6,100
	Software	Senior Secured	July 2021	Interest rate PRIME + 6.00% or Floor rate of 9.50%,	$ 4,023	3,999	3,992

				PIK Interest 1.25%			
Total Evernote Corporation					$ 10,023	9,973	10,092
Fuze, Inc.(13)(14)(15)	Software	Senior Secured	July 2021	Interest rate PRIME + 3.70% or Floor rate of 7.95%, PIK Interest 1.55%, 3.55% Exit Fee	$ 50,332	50,464	50,420

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Portfolio Company	Sub-Industry	Type of Investment[1]	Maturity Date	Interest Rate and Floor[2]	Principal Amount	Cost[3]	Value[4]
Impact Radius Holdings, Inc.[14][17]	Software	Senior Secured	December 2020	Interest rate PRIME + 4.25% or Floor rate of 8.75%, PIK Interest 1.55%, 1.75% Exit Fee	$ 7,544	$ 7,552	$ 7,498
Lithium Technologies, Inc.[17]	Software	Senior Secured	October 2022	Interest rate 1-month LIBOR + 8.00% or Floor rate of 9.00%	$ 12,000	11,740	11,740
Microsystems Holding Company, LLC	Software	Senior Secured	July 2022	Interest rate 3-month LIBOR + 8.25% or Floor rate of 9.25%	$ 12,000	11,821	11,821
OneLogin, Inc.[14][15]	Software	Senior Secured	August 2019	Interest rate PRIME + 6.45% or Floor rate of 9.95%, PIK Interest 3.25%	$ 15,883	15,811	16,071
PerfectServe, Inc.	Software	Senior Secured	April 2021	Interest rate 3-month LIBOR + 9.00% or Floor rate of 10.00%, 2.50% Exit Fee	$ 16,000	16,023	16,023
	Software	Senior Secured	April 2021	Interest rate 3-month LIBOR + 9.00% or Floor rate of 10.00%, 2.50% Exit Fee	$ 4,000	4,005	4,005
Total PerfectServe, Inc.					$ 20,000	20,028	20,028
Pollen, Inc.[15]	Software	Senior Secured	April 2019	Interest rate PRIME + 4.25%	$ 7,000	6,964	6,964

				or Floor rate of 8.50%, 4.00% Exit Fee			
Poplicus, Inc.(8)(14)	Software	Senior Secured	May 2022	Interest rate FIXED 6.00%, PIK Interest 3.00%	$ 1,250	1,250	
Quid, Inc.(14)(15)	Software	Senior Secured	October 2019	Interest rate PRIME + 4.75% or Floor rate of 8.25%, PIK Interest 2.25%, 3.00% Exit Fee	$ 8,303	8,397	8,430
RapidMiner, Inc.(14)	Software	Senior Secured	December 2020	Interest rate PRIME + 5.50% or Floor rate of 9.75%, PIK Interest 1.65%	$ 7,001	6,971	6,971
Regent Education(14)	Software	Senior Secured	January 2021	Interest rate FIXED 10.00%, PIK Interest 2.00%, 6.35% Exit Fee	$ 3,285	3,291	3,291
Signpost, Inc.(14)	Software	Senior Secured	February 2020	Interest rate PRIME + 4.15% or Floor rate of 8.15%, PIK Interest 1.75%, 3.75% Exit Fee	$ 15,510	15,603	15,685
Vela Trading Technologies	Software	Senior Secured	July 2022	Interest rate daily LIBOR + 9.50% or Floor rate of 10.50%	$ 20,000	19,495	19,557
Wrike, Inc.(14)(17)	Software	Senior Secured	February 2021	Interest rate PRIME + 6.00% or Floor rate of 9.50%, PIK Interest 2.00%, 3.00% Exit Fee	$ 10,165	9,971	10,007
ZocDoc	Software	Senior Secured	April 2021	Interest rate 3-month LIBOR + 9.50% or Floor rate of 10.50%, 1.00% Exit Fee	$ 20,000	20,011	20,011
	Software	Senior Secured	November 2021	Interest rate 3-month LIBOR + 9.50% or Floor rate of 10.50%, 1.00% Exit Fee	$ 10,000	10,005	10,005
Total ZocDoc					$ 30,000	30,016	30,016

Subtotal: 1-5 Years Maturity	318,782	318,219
Subtotal: Software (39.24%)*	332,124	329,963

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Portfolio Company	Sub-Industry	Type of Investment(1)	Maturity Date	Interest Rate and Floor(2)	Principal Amount	Cost(3)	Value(4)
Specialty Pharmaceuticals							
Under 1 Year Maturity							
Jaguar Animal Health, Inc.(11)	Specialty Pharmaceuticals	Senior Secured	August 2018	Interest rate PRIME + 5.65% or Floor rate of 9.90%, 7.00% Exit Fee	$ 1,089	$ 1,496	$ 1,496
Subtotal: Under 1 Year Maturity						1,496	1,496
1-5 Years Maturity							
Alimera Sciences, Inc.(11)(14)	Specialty Pharmaceuticals	Senior Secured	November 2020	Interest rate PRIME + 7.50% or Floor rate of 11.00%, PIK Interest 1.00%, 4.00% Exit Fee	$ 35,398	35,517	35,517
Subtotal: 1-5 Years Maturity						35,517	35,517
Subtotal: Specialty Pharmaceuticals (4.40%)*						37,013	37,013
Surgical Devices							
1-5 Years Maturity							
Transmedics, Inc.(13)	Surgical Devices	Senior Secured	February 2020	Interest rate PRIME + 5.30% or Floor rate of 9.55%, 6.70% Exit Fee	$ 8,500	8,756	8,757

Subtotal: 1-5 Years Maturity						8,756	8,757
Subtotal: Surgical Devices (1.04%)*						8,756	8,757
Sustainable and Renewable Technology							
Under 1 Year Maturity							
FuelCell Energy, Inc.(12)	Sustainable and Renewable Technology	Senior Secured	October 2018	Interest rate PRIME + 5.50% or Floor rate of 9.50%, 8.50% Exit Fee	$ 16,806	18,190	18,190
Kinestral Technologies Inc.	Sustainable and Renewable Technology	Senior Secured	October 2018	Interest rate 3-month LIBOR + 7.75% or Floor rate of 8.75%, 3.23% Exit Fee	$ 3,867	3,882	3,882
Subtotal: Under 1 Year Maturity						22,072	22,072
1-5 Years Maturity							
ChargePoint Inc.	Sustainable and Renewable Technology	Senior Secured	August 2020	Interest rate 3-month LIBOR + 8.75% or Floor rate of 9.75%, 2.00% Exit Fee	$ 19,394	19,416	19,416
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)(6)	Sustainable and Renewable Technology	Senior Secured	August 2019	Interest rate PRIME + 8.70% or Floor rate of 12.95%, 4.50% Exit Fee	$ 14,000	13,604	13,604
Proterra, Inc.(11)(14)(17)	Sustainable and Renewable Technology	Senior Secured	November 2020	Interest rate PRIME + 3.70% or Floor rate of 7.95%, PIK Interest 1.75%, 5.95% Exit Fee	$ 25,036	25,997	26,097
	Sustainable and Renewable Technology	Senior Secured	November 2020	Interest rate PRIME + 3.70% or Floor rate of 7.95%, PIK Interest 1.75%, 7.00% Exit Fee	$ 5,007	5,173	5,190
Total Proterra, Inc.					$ 30,043	31,170	31,287
Rive Technology, Inc.(15)	Sustainable and Renewable Technology	Senior Secured	January 2019	Interest rate PRIME + 6.20% or Floor rate of 9.45%, 4.00% Exit Fee	$ 4,258	4,498	4,515

Tendril Networks(12)	Sustainable and Renewable Technology	Senior Secured	June 2019	Interest rate FIXED 9.25%, 8.50% Exit Fee	$ 13,156	13,863	13,845
Subtotal: 1-5 Years Maturity						82,551	82,667
Subtotal: Sustainable and Renewable Technology (12.45%)*						104,623	104,739
Total: Debt Investments (168.38%)*						**1,440,055**	**1,415,984**

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Equity Investments						
Biotechnology Tools						
NuGEN Technologies, Inc.[15]	Biotechnology Tools	Equity	Common Stock	55,780	$ 500	$
Subtotal: Biotechnology Tools (0.00%)*					500	
Communications & Networking						
Achilles Technology Management Co II, Inc.[7][15]	Communications & Networking	Equity	Common Stock	100	3,100	242
GlowPoint, Inc.[4]	Communications & Networking	Equity	Common Stock	114,192	102	41
Peerless Network Holdings, Inc.	Communications & Networking	Equity	Preferred Series A	1,000,000	1,000	5,865
Subtotal: Communications & Networking (0.73%)*					4,202	6,148
Diagnostic						
Singulex, Inc.	Diagnostic	Equity	Common Stock	937,998	750	720
Subtotal: Diagnostic (0.09%)*					750	720
Drug Delivery						
AcelRx Pharmaceuticals, Inc.[4][10]	Drug Delivery	Equity	Common Stock	54,240	108	109
BioQ Pharma Incorporated[15]	Drug Delivery	Equity	Preferred Series D	165,000	500	826
Edge Therapeutics, Inc.[4]	Drug Delivery	Equity	Common Stock	49,965	309	468
Neos Therapeutics, Inc.[4][15]	Drug Delivery	Equity	Common Stock	125,000	1,500	1,275

Subtotal: Drug Delivery (0.32%)*					2,417	2,678
Drug Discovery & Development						
Aveo Pharmaceuticals, Inc.(4)(10)(15)	Drug Discovery & Development	Equity	Common Stock	1,901,791	1,715	5,315
Axovant Sciences Ltd.(4)(5)(10)	Drug Discovery & Development	Equity	Common Stock	129,827	1,270	707
Cerecor, Inc.(4)	Drug Discovery & Development	Equity	Common Stock	119,087	1,000	381
Dare Biosciences, Inc. (p.k.a. Cerulean Pharma, Inc.)(4)	Drug Discovery & Development	Equity	Common Stock	13,550	1,000	29
Dicerna Pharmaceuticals, Inc.(4)(15)	Drug Discovery & Development	Equity	Common Stock	142,858	1,000	1,290
Dynavax Technologies(4)(10)	Drug Discovery & Development	Equity	Common Stock	20,000	550	374
Epirus Biopharmaceuticals, Inc.(4)	Drug Discovery & Development	Equity	Common Stock	200,000	1,000	
Genocea Biosciences, Inc.(4)	Drug Discovery & Development	Equity	Common Stock	223,463	2,000	259
Inotek Pharmaceuticals Corporation(4)	Drug Discovery & Development	Equity	Common Stock	3,778	1,500	10
Insmed, Incorporated(4)	Drug Discovery & Development	Equity	Common Stock	70,771	1,000	2,154
Melinta Therapeutics(4)	Drug Discovery & Development	Equity	Common Stock	43,840	2,000	693
Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.)(4)	Drug Discovery & Development	Equity	Common Stock	76,362	2,743	1,367
Subtotal: Drug Discovery & Development (1.50%)*					16,778	12,579
Electronics & Computer Hardware						
Identiv, Inc.(4)	Electronics & Computer Hardware	Equity	Common Stock	6,700	34	22
Subtotal: Electronics & Computer Hardware (0.00%)*					34	22

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Information Services						
DocuSign, Inc.	Information Services	Equity	Common Stock	385,000	$ 6,081	$ 8,011
Subtotal: Information Services (0.95%)*					6,081	8,011
Internet Consumer & Business Services						
Blurb, Inc.[15]	Internet Consumer & Business Services	Equity	Preferred Series B	220,653	175	46
Brigade Group, Inc. (p.k.a. Philotic, Inc.)	Internet Consumer & Business Services	Equity	Common Stock	9,023	93	
Lightspeed POS, Inc.[5][10]	Internet Consumer & Business Services	Equity	Preferred Series C	230,030	250	233
	Internet Consumer & Business Services	Equity	Preferred Series D	198,677	250	213
Total Lightspeed POS, Inc.				428,707	500	446
OfferUp, Inc.	Internet Consumer & Business Services	Equity	Preferred Series A	286,080	1,663	2,236
	Internet Consumer & Business Services	Equity	Preferred Series A-1	108,710	632	850
Total OfferUp, Inc.				394,790	2,295	3,086
Oportun (p.k.a. Progress Financial)	Internet Consumer & Business Services	Equity	Preferred Series G	218,351	250	451
	Internet Consumer & Business Services	Equity	Preferred Series H	87,802	250	255
Total Oportun (p.k.a. Progress Financial)				306,153	500	706
RazorGator Interactive Group, Inc.	Internet Consumer & Business Services	Equity	Preferred Series AA	34,783	15	49
Tectura Corporation[7]	Internet Consumer & Business Services	Equity	Preferred Series BB	1,000,000		

Subtotal: Internet Consumer & Business Services (0.52%)*					3,578	4,333
Media/Content/Info						
Pinterest, Inc.	Media/Content/Info	Equity	Preferred Series Seed	620,000	4,085	5,055
Subtotal: Media/Content/Info (0.60%)*					4,085	5,055
Medical Devices & Equipment						
AtriCure, Inc.(4)(15)	Medical Devices & Equipment	Equity	Common Stock	7,536	266	138
Flowonix Medical Incorporated	Medical Devices & Equipment	Equity	Preferred Series AA	221,893	1,500	
Gelesis, Inc.(15)	Medical Devices & Equipment	Equity	Common Stock	198,202		879
	Medical Devices & Equipment	Equity	Preferred Series A-1	191,210	425	939
	Medical Devices & Equipment	Equity	Preferred Series A-2	191,626	500	894
Total Gelesis, Inc.				581,038	925	2,712
Medrobotics Corporation(15)	Medical Devices & Equipment	Equity	Preferred Series E	136,798	250	302
	Medical Devices & Equipment	Equity	Preferred Series F	73,971	155	225
	Medical Devices & Equipment	Equity	Preferred Series G	163,934	500	532
Total Medrobotics Corporation				374,703	905	1,059
Optiscan Biomedical, Corp.(6)(15)	Medical Devices & Equipment	Equity	Preferred Series B	6,185,567	3,000	402
	Medical Devices & Equipment	Equity	Preferred Series C	1,927,309	655	114

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	Medical Devices & Equipment	Equity	Preferred Series D	55,103,923	$ 5,257	$ 4,232
	Medical Devices & Equipment	Equity	Preferred Series E	15,638,888	1,307	1,457
Total Optiscan Biomedical, Corp.				78,855,687	10,219	6,205
Outset Medical, Inc. (p.k.a. Home Dialysis Plus, Inc.)	Medical Devices & Equipment	Equity	Preferred Series B	232,061	527	596
Quanterix Corporation[4]	Medical Devices & Equipment	Equity	Common Stock	84,778	1,000	1,820
Subtotal: Medical Devices & Equipment (1.49%)*					15,342	12,530
Software						
CapLinked, Inc.	Software	Equity	Preferred Series A-3	53,614	51	90
Druva, Inc.	Software	Equity	Preferred Series 2	458,841	1,000	1,044
	Software	Equity	Preferred Series 3	93,620	300	312
Total Druva, Inc.				552,461	1,300	1,356
ForeScout Technologies, Inc.[4]	Software	Equity	Common Stock	199,844	529	6,373
HighRoads, Inc.	Software	Equity	Common Stock	190	307	
NewVoiceMedia Limited[5][10]	Software	Equity	Preferred Series E	669,173	963	1,544
Palantir Technologies	Software	Equity	Preferred Series E	727,696	5,431	4,923
	Software	Equity	Preferred Series G	326,797	2,211	2,211
Total Palantir Technologies				1,054,493	7,642	7,134
Sprinklr, Inc.	Software	Equity	Common Stock	700,000	3,749	4,600
WildTangent, Inc.[15]	Software	Equity	Preferred Series 3	100,000	402	179

Subtotal: Software (2.53%)*					14,943	21,276
Surgical Devices						
Gynesonics, Inc.[15]	Surgical Devices	Equity	Preferred Series B	219,298	250	44
	Surgical Devices	Equity	Preferred Series C	656,538	282	60
	Surgical Devices	Equity	Preferred Series D	1,991,157	712	795
	Surgical Devices	Equity	Preferred Series E	2,786,367	429	521
Total Gynesonics, Inc.				5,653,360	1,673	1,420
Transmedics, Inc.	Surgical Devices	Equity	Preferred Series B	88,961	1,100	376
	Surgical Devices	Equity	Preferred Series C	119,999	300	309
	Surgical Devices	Equity	Preferred Series D	260,000	650	957
	Surgical Devices	Equity	Preferred Series F	100,200	500	531
Total Transmedics, Inc.				569,160	2,550	2,173
Subtotal: Surgical Devices (0.43%)*					4,223	3,593
Sustainable and Renewable Technology						
Flywheel Building Intelligence, Inc. (p.k.a. SCIEnergy, Inc.)	Sustainable and Renewable Technology	Equity	Common Stock	19,250	761	
Modumetal, Inc.	Sustainable and Renewable Technology	Equity	Preferred Series C	3,107,520	500	477
Proterra, Inc.	Sustainable and Renewable Technology	Equity	Preferred Series 5	99,280	500	539
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)[6]	Sustainable and Renewable Technology	Equity	Common Stock	288	61,502	11,400
Subtotal: Sustainable and Renewable Technology (1.48%)*					63,263	12,416
Total: Equity Investments (10.63%)*					**136,196**	**89,361**
Warrant Investments						
Biotechnology Tools						
Labcyte, Inc.[15]	Biotechnology Tools	Warrant	Preferred Series C	1,127,624	323	458
Subtotal: Biotechnology Tools (0.05%)*					323	458

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Communications & Networking						
PeerApp, Inc.	Communications & Networking	Warrant	Preferred Series B	298,779	$ 61	$
Peerless Network Holdings, Inc.	Communications & Networking	Warrant	Preferred Series A	135,000	95	501
Spring Mobile Solutions, Inc.	Communications & Networking	Warrant	Common Stock	2,834,375	418	
Subtotal: Communications & Networking (0.06%)*					574	501
Consumer & Business Products						
Antenna79 (p.k.a. Pong Research Corporation)[(15)]	Consumer & Business Products	Warrant	Common Stock	1,662,441	228	
Intelligent Beauty, Inc.[(15)]	Consumer & Business Products	Warrant	Preferred Series B	190,234	230	221
The Neat Company[(15)]	Consumer & Business Products	Warrant	Preferred Series C-1	540,540	365	
Subtotal: Consumer & Business Products (0.03%)*					823	221
Drug Delivery						
AcelRx Pharmaceuticals, Inc.[(4)(10)(15)]	Drug Delivery	Warrant	Common Stock	176,730	786	61
Agile Therapeutics, Inc.[(4)]	Drug Delivery	Warrant	Common Stock	180,274	730	65
BioQ Pharma Incorporated	Drug Delivery	Warrant	Common Stock	459,183	1	968
Celsion Corporation[(4)]	Drug Delivery	Warrant	Common Stock	13,927	428	
Dance Biopharm, Inc.[(15)]	Drug Delivery	Warrant	Common Stock	110,882	74	

Edge Therapeutics, Inc.(4)	Drug Delivery	Warrant	Common Stock	78,595	390	230
Kaleo, Inc. (p.k.a. Intelliject, Inc.)	Drug Delivery	Warrant	Preferred Series B	82,500	594	1,540
Neos Therapeutics, Inc.(4)(15)	Drug Delivery	Warrant	Common Stock	70,833	285	148
Pulmatrix Inc.(4)	Drug Delivery	Warrant	Common Stock	25,150	116	4
ZP Opco, Inc. (p.k.a. Zosano Pharma)(4)	Drug Delivery	Warrant	Common Stock	72,379	266	
Subtotal: Drug Delivery (0.36%)*					3,670	3,016
Drug Discovery & Development						
ADMA Biologics, Inc.(4)	Drug Discovery & Development	Warrant	Common Stock	89,750	295	12
Anthera Pharmaceuticals, Inc.(4)(15)	Drug Discovery & Development	Warrant	Common Stock	5,022	984	
Audentes Therapeutics, Inc.(4)(10)(15)	Drug Discovery & Development	Warrant	Common Stock	9,914	62	147
Auris Medical Holding, AG(4)(5)(10)	Drug Discovery & Development	Warrant	Common Stock	156,726	249	19
Brickell Biotech, Inc.	Drug Discovery & Development	Warrant	Preferred Series C	26,086	119	93
Cerecor, Inc.(4)	Drug Discovery & Development	Warrant	Common Stock	22,328	70	15
Chroma Therapeutics, Ltd.(5)(10)	Drug Discovery & Development	Warrant	Preferred Series D	325,261	490	
Cleveland BioLabs, Inc.(4)(15)	Drug Discovery & Development	Warrant	Common Stock	7,813	105	3
Concert Pharmaceuticals, Inc.(4)(15)	Drug Discovery & Development	Warrant	Common Stock	132,069	545	1,344
CTI BioPharma Corp. (p.k.a. Cell Therapeutics, Inc.)(4)	Drug Discovery & Development	Warrant	Common Stock	29,239	165	2
CytRx Corporation(4)(15)	Drug Discovery & Development	Warrant	Common Stock	105,694	160	58
Dare Biosciences, Inc. (p.k.a. Cerulean Pharma, Inc.)(4)	Drug Discovery & Development	Warrant	Common Stock	17,190	369	
Dicerna Pharmaceuticals, Inc.(4)(15)	Drug Discovery & Development	Warrant	Common Stock	200	28	
Epirus Biopharmaceuticals, Inc.(4)	Drug Discovery & Development	Warrant	Common Stock	64,194	276	

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Fortress Biotech, Inc. (p.k.a. Coronado Biosciences, Inc.)[4]	Drug Discovery & Development	Warrant	Common Stock	73,009	$ 142	$ 29
Genocea Biosciences, Inc.[4]	Drug Discovery & Development	Warrant	Common Stock	73,725	266	4
Immune Pharmaceuticals[4]	Drug Discovery & Development	Warrant	Common Stock	10,742	164	
Melinta Therapeutics[4]	Drug Discovery & Development	Warrant	Common Stock	31,655	626	12
Motif BioSciences Inc.[4][15]	Drug Discovery & Development	Warrant	Common Stock	73,452	282	414
Myovant Sciences, Ltd.[4][5][10]	Drug Discovery & Development	Warrant	Common Stock	49,800	283	128
Neothetics, Inc. (p.k.a. Lithera, Inc.)[4][15]	Drug Discovery & Development	Warrant	Common Stock	46,838	266	53
Neuralstem, Inc.[4][15]	Drug Discovery & Development	Warrant	Common Stock	5,783	77	
Ology Bioservices, Inc. (p.k.a. Nanotherapeutics, Inc.)[15]	Drug Discovery & Development	Warrant	Common Stock	171,389	838	
Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.)[4][15]	Drug Discovery & Development	Warrant	Common Stock	75,214	178	212
PhaseRx, Inc.[4][15]	Drug Discovery & Development	Warrant	Common Stock	63,000	125	
Savara Inc. (p.k.a. Mast Therapeutics, Inc.)[4][15]	Drug Discovery & Development	Warrant	Common Stock	32,467	203	8
Sorrento Therapeutics, Inc.[4][10]	Drug Discovery & Development	Warrant	Common Stock	306,748	889	453
Stealth Bio Therapeutics Corp.[5][10]	Drug Discovery & Development	Warrant	Preferred Series A	487,500	116	107

uniQure B.V.(4)(5)(10)	Drug Discovery & Development	Warrant	Common Stock	37,174	218	240
XOMA Corporation(4)(10)(15)	Drug Discovery & Development	Warrant	Common Stock	9,063	279	50
Subtotal: Drug Discovery & Development (0.40%)*					8,869	3,403
Electronics & Computer Hardware						
908 DEVICES INC.(15)	Electronics & Computer Hardware	Warrant	Preferred Series D	79,856	100	73
Clustrix, Inc.	Electronics & Computer Hardware	Warrant	Common Stock	50,000	12	
Subtotal: Electronics & Computer Hardware (0.01%)*					112	73
Healthcare Services, Other						
Chromadex Corporation(4)(15)	Healthcare Services, Other	Warrant	Common Stock	139,673	157	329
Subtotal: Healthcare Services, Other (0.04%)*					157	329
Information Services						
INMOBI Inc.(5)(10)	Information Services	Warrant	Common Stock	65,587	82	
InXpo, Inc.(15)	Information Services	Warrant	Preferred Series C	648,400	98	21
	Information Services	Warrant	Preferred Series C-1	1,165,183	74	37
Total InXpo, Inc.				1,813,583	172	58
MDX Medical, Inc.(15)	Information Services	Warrant	Common Stock	2,250,000	246	129
Netbase Solutions, Inc.	Information Services	Warrant	Preferred Series 1	60,000	356	363
RichRelevance, Inc.(15)	Information Services	Warrant	Preferred Series E	112,612	98	
Subtotal: Information Services (0.07%)*					954	550
Internet Consumer & Business Services						
Aria Systems, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series G	231,535	73	

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Blurb, Inc.[15]	Internet Consumer & Business Services	Warrant	Preferred Series C	234,280	$ 636	$ 9
ClearObject, Inc. (p.k.a. CloudOne, Inc.)	Internet Consumer & Business Services	Warrant	Preferred Series E	968,992	18	154
The Faction Group	Internet Consumer & Business Services	Warrant	Preferred Series A	8,703	234	234
Intent Media, Inc.[15]	Internet Consumer & Business Services	Warrant	Common Stock	140,077	168	207
Interactions Corporation	Internet Consumer & Business Services	Warrant	Preferred Series G-3	68,187	204	204
Just Fabulous, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series B	206,184	1,102	2,627
Lightspeed POS, Inc.[5][10]	Internet Consumer & Business Services	Warrant	Preferred Series C	245,610	20	93
LogicSource[15]	Internet Consumer & Business Services	Warrant	Preferred Series C	79,625	30	36
Oportun (p.k.a. Progress Financial)	Internet Consumer & Business Services	Warrant	Preferred Series G	174,562	78	196
ShareThis, Inc.[15]	Internet Consumer & Business Services	Warrant	Preferred Series C	493,502	547	
Snagajob.com, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series A	1,800,000	782	1,257
Tapjoy, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series D	748,670	316	7
TraceLink, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series A-2	283,353	1,833	1,833
Subtotal: Internet Consumer & Business Services (0.82%)*					6,041	6,857
Media/Content/Info						
FanDuel, Inc.	Media/Content/Info	Warrant	Common Stock	15,570		
	Media/Content/Info	Warrant	Preferred Series A	4,648	730	1,875

Total FanDuel, Inc.				20,218	730	1,875
Machine Zone, Inc.(16)	Media/Content/Info	Warrant	Common Stock	1,552,710	1,958	3,743
Rhapsody International, Inc.(15)	Media/Content/Info	Warrant	Common Stock	715,755	385	4
WP Technology, Inc. (Wattpad, Inc.)(5)(10)	Media/Content/Info	Warrant	Common Stock	255,818	4	17
Zoom Media Group, Inc.	Media/Content/Info	Warrant	Preferred Series A	1,204	348	33
Subtotal: Media/Content/Info (0.67%)*					3,425	5,672
Medical Devices & Equipment						
Amedica Corporation(4)(15)	Medical Devices & Equipment	Warrant	Common Stock	8,603	459	1
Aspire Bariatrics, Inc.(15)	Medical Devices & Equipment	Warrant	Preferred Series B-1	112,858	455	65
Avedro, Inc.(15)	Medical Devices & Equipment	Warrant	Preferred Series AA	300,000	401	275
Flowonix Medical Incorporated	Medical Devices & Equipment	Warrant	Preferred Series AA	155,325	362	
Gelesis, Inc.(15)	Medical Devices & Equipment	Warrant	Preferred Series A-1	74,784	78	216
InspireMD, Inc.(4)(5)(10)	Medical Devices & Equipment	Warrant	Common Stock	39,364	242	
IntegenX, Inc.(15)	Medical Devices & Equipment	Warrant	Preferred Series C	547,752	15	
Intuity Medical, Inc.(15)	Medical Devices & Equipment	Warrant	Preferred Series 4	1,819,078	294	294
Medrobotics Corporation(15)	Medical Devices & Equipment	Warrant	Preferred Series E	455,539	370	411
Micell Technologies, Inc.	Medical Devices & Equipment	Warrant	Preferred Series D-2	84,955	262	150

See notes to consolidated financial statements.

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HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2017

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment(1)	Series	Shares	Cost(3)	Value(4)
NetBio, Inc.	Medical Devices & Equipment	Warrant	Preferred Series A	7,841	$ 408	$ 56
NinePoint Medical, Inc.(15)	Medical Devices & Equipment	Warrant	Preferred Series A-1	587,840	170	82
Optiscan Biomedical, Corp.(6)(15)	Medical Devices & Equipment	Warrant	Preferred Series D	10,535,275	1,252	86
Outset Medical, Inc. (p.k.a. Home Dialysis Plus, Inc.)	Medical Devices & Equipment	Warrant	Preferred Series A	500,000	402	430
Quanterix Corporation(4)	Medical Devices & Equipment	Warrant	Common Stock	66,039	205	536
Sebacia, Inc.(15)	Medical Devices & Equipment	Warrant	Preferred Series D	778,301	133	127
SonaCare Medical, LLC (p.k.a. US HIFU, LLC)	Medical Devices & Equipment	Warrant	Preferred Series A	6,464	188	
Strata Skin Sciences, Inc. (p.k.a. MELA Sciences, Inc.)(4)	Medical Devices & Equipment	Warrant	Common Stock	13,864	401	
Tela Bio, Inc.(15)	Medical Devices & Equipment	Warrant	Preferred Series B	387,930	62	153
ViewRay, Inc.(4)(15)	Medical Devices & Equipment	Warrant	Common Stock	128,231	333	414
Subtotal: Medical Devices & Equipment (0.39%)*					6,492	3,296

Semiconductors						
Achronix Semiconductor Corporation[15]	Semiconductors	Warrant	Preferred Series C	360,000	160	308
	Semiconductors	Warrant	Preferred Series D-2	750,000	99	519
Total Achronix Semiconductor Corporation				1,110,000	259	827
Aquantia Corp.[4]	Semiconductors	Warrant	Common Stock	19,683	4	11
Avnera Corporation	Semiconductors	Warrant	Preferred Series E	141,567	46	195
Subtotal: Semiconductors (0.12%)*					309	1,033
Software						
Actifio, Inc.	Software	Warrant	Common Stock	73,584	249	84
	Software	Warrant	Preferred Series F	31,673	343	79
Total Actifio, Inc.				105,257	592	163
Braxton Technologies, LLC	Software	Warrant	Preferred Series A	168,750	188	
CareCloud Corporation[15]	Software	Warrant	Preferred Series B	413,433	258	113
Clickfox, Inc.[15]	Software	Warrant	Preferred Series B	1,038,563	330	129
	Software	Warrant	Preferred Series C	592,019	730	179
	Software	Warrant	Preferred Series C-A	2,218,214	230	4,458
Total Clickfox, Inc.				3,848,796	1,290	4,766
DNAnexus, Inc.	Software	Warrant	Preferred Series C	909,091	97	97
Evernote Corporation[15]	Software	Warrant	Common Stock	62,500	106	175
Fuze, Inc.[15]	Software	Warrant	Preferred Series F	256,158	89	53
Mattersight Corporation[4]	Software	Warrant	Common Stock	357,143	538	168
Message Systems, Inc.[15]	Software	Warrant	Preferred Series C	503,718	334	639
Mobile Posse, Inc.[15]	Software	Warrant	Preferred Series C	396,430	130	353
Neos, Inc.[15]	Software	Warrant	Common Stock	221,150	22	

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HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2017

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment[(1)]	Series	Shares	Cost[(3)]	Value[(4)]
NewVoiceMedia Limited[(5)(10)]	Software	Warrant	Preferred Series E	225,586	$ 33	$ 190
OneLogin, Inc.[(15)]	Software	Warrant	Common Stock	228,972	150	227
PerfectServe, Inc.	Software	Warrant	Preferred Series C	129,073	720	720
Poplicus, Inc.	Software	Warrant	Common Stock	132,168		
Quid, Inc.[(15)]	Software	Warrant	Preferred Series D	71,576	1	7
RapidMiner, Inc.	Software	Warrant	Preferred Series C-1	4,982	23	23
RedSeal Inc.[(15)]	Software	Warrant	Preferred Series C-Prime	640,603	66	44
Signpost, Inc.	Software	Warrant	Preferred Series C	324,005	314	106
Wrike, Inc.	Software	Warrant	Common Stock	698,760	462	1,040
Subtotal: Software (1.06%)*					5,413	8,884
Specialty Pharmaceuticals						
Alimera Sciences, Inc.[(4)]	Specialty Pharmaceuticals	Warrant	Common Stock	1,717,709	861	488
Subtotal: Specialty Pharmaceuticals (0.06%)*					861	488
Surgical Devices						
Gynesonics, Inc.[(15)]	Surgical Devices	Warrant	Preferred Series C	180,480	75	15
	Surgical Devices	Warrant	Preferred Series D	1,575,965	320	291
Total Gynesonics, Inc.				1,756,445	395	306
Transmedics, Inc.	Surgical Devices	Warrant	Preferred Series B	40,436	225	16
	Surgical Devices	Warrant	Preferred Series D	175,000	100	429
	Surgical Devices	Warrant	Preferred Series F	50,544	38	60
Total Transmedics, Inc.				265,980	363	505
Subtotal: Surgical Devices (0.10%)*					758	811

Sustainable and Renewable Technology						
Agrivida, Inc.[15]	Sustainable and Renewable Technology	Warrant	Preferred Series D	471,327	120	88
Alphabet Energy, Inc.[15]	Sustainable and Renewable Technology	Warrant	Preferred Series 1B	13,667	82	
American Superconductor Corporation[4]	Sustainable and Renewable Technology	Warrant	Common Stock	58,823	39	7
Brightsource Energy, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series 1	116,666	104	
Calera, Inc.[15]	Sustainable and Renewable Technology	Warrant	Preferred Series C	44,529	513	
EcoMotors, Inc.[15]	Sustainable and Renewable Technology	Warrant	Preferred Series B	437,500	308	
Fluidic, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series D	61,804	102	
Flywheel Building Intelligence, Inc. (p.k.a. SCIEnergy, Inc.)	Sustainable and Renewable Technology	Warrant	Common Stock	530,811	181	
	Sustainable and Renewable Technology	Warrant	Preferred Series 2-A	6,229	50	
Total Flywheel Building Intelligence, Inc. (p.k.a. SCIEnergy, Inc.)				537,040	231	
Fulcrum Bioenergy, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series C-1	280,897	275	357
GreatPoint Energy, Inc.[15]	Sustainable and Renewable Technology	Warrant	Preferred Series D-1	393,212	548	
Kinestral Technologies, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series A	325,000	155	155
	Sustainable and Renewable Technology	Warrant	Preferred Series B	131,883	63	63
Total Kinestral Technologies, Inc.				456,883	218	218
Polyera Corporation[15]	Sustainable and Renewable Technology	Warrant	Preferred Series C	311,609	338	
Proterra, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series 4	477,517	41	599

See notes to consolidated financial statements.

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HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2017

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment[1]	Series	Shares	Cost[3]	Value[4]
Rive Technology, Inc.[15]	Sustainable and Renewable Technology	Warrant	Preferred Series E	234,477	$ 12	$ 8
Stion Corporation[6]	Sustainable and Renewable Technology	Warrant	Preferred Series Seed	2,154	1,378	
TAS Energy, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series AA	428,571	299	
Tendril Networks	Sustainable and Renewable Technology	Warrant	Preferred Series 3-A	1,019,793	189	
Subtotal: Sustainable and Renewable Technology (0.15%)*					4,797	1,277
Total: Warrant Investments (4.38%)*					**43,578**	**36,869**
Total Investments in Securities (183.39%)*					**$ 1,619,829**	**$ 1,542,214**

* Value as a percent of net assets

(1) Preferred and common stock, warrants, and equity interests are generally non-income producing.

(2) Interest rate PRIME represents 4.50% at December 31, 2017. Daily LIBOR, 1-month LIBOR, 3-month LIBOR and 12-month LIBOR represent 1.44%, 1.57%, 1.69% and 2.11%, respectively, at December 31, 2017.

(3) Gross unrealized appreciation, gross unrealized depreciation, and net unrealized depreciation for federal income tax purposes totaled $32.5 million, $119.7 million and $87.2 million respectively. The tax cost of investments is $1.6 billion.

(4) Except for warrants in 43 publicly traded companies and common stock in 20 publicly traded companies, all investments are restricted at December 31, 2017 and were valued at fair value using Level 3 significant unobservable inputs as determined in good faith by the Company s board of directors (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.

(5) Non-U.S. company or the company s principal place of business is outside the United States.

(6) Affiliate investment as defined under the Investment Company Act of 1940, as amended, (the 1940 Act) in which Hercules owns at least 5% but generally less than 25% of the company s voting securities.

(7) Control investment as defined under the 1940 Act in which Hercules owns at least 25% of the company s voting securities or has greater than 50% representation on its board.
(8) Debt is on non-accrual status at December 31, 2017 and is therefore considered non-income producing. Note that at December 31, 2017, only the $11.0 million PIK, or payment-in-kind, loan is on non-accrual for the Company s debt investment in Tectura Corporation.
(9) Denotes that all or a portion of the debt investment is convertible debt.
(10) Indicates assets that the Company deems not qualifying assets under section 55(a) of 1940 Act. Qualifying assets must represent at least 70% of the Company s total assets at the time of acquisition of any additional non-qualifying assets.
(11) Denotes that all or a portion of the debt investment secures the notes offered in the Debt Securitization (as defined in Note 4).
(12) Denotes that all or a portion of the debt investment is pledged as collateral under the Wells Facility (as defined in Note 4).
(13) Denotes that all or a portion of the debt investment is pledged as collateral under the Union Bank Facility (as defined in Note 4).
(14) Denotes that all or a portion of the debt investment principal includes accumulated PIK interest and is net of repayments.
(15) Denotes that all or a portion of the investment in this portfolio company is held by Hercules Technology II, L.P., or HT II, or Hercules Technology III, L.P., or HT III, the Company s wholly owned small business investment companies, or SBIC, subsidiaries.
(16) Denotes that the fair value of the Company s total investments in this portfolio company represent greater than 5% of the Company s total assets at December 31, 2017.
(17) Denotes that there is an unfunded contractual commitment available at the request of this portfolio company at December 31, 2017. Refer to Note 10.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1. Description of Business and Basis of Presentation

Hercules Capital, Inc. (the Company) is a specialty finance company focused on providing senior secured loans to high-growth, innovative venture capital-backed companies in a variety of technology, life sciences, and sustainable and renewable technology industries. The Company sources its investments through its principal office located in Palo Alto, CA, as well as through its additional offices in Boston, MA, New York, NY, Washington, DC, Hartford, CT, Reston, VA, and San Diego, CA. 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 subject to tax as a corporation under Subchapter C of the Internal Revenue Code of 1986, as amended (the Code). Effective January 1, 2006, the Company elected to be treated for tax purposes as a regulated investment company, or RIC, under Subchapter M of the Code (see Note 5). As an investment company, the Company follows accounting and reporting guidance as set forth in Topic 946 (Financial Services Investment Companies) of the Financial Accounting Standards Board s (FASB) Accounting Standards Codification, as amended (ASC).

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

HT II and HT III hold approximately $115.4 million and $294.8 million in assets, respectively, and they accounted for approximately 5.2% and 13.4% of the Company s total assets, respectively, prior to consolidation at June 30, 2018. The Company completed repayment of the remaining outstanding HT II debentures on July 13, 2018. See Note 12 Subsequent Events.

The Company also established wholly owned subsidiaries, all of which are structured as Delaware corporations and limited liability companies, to hold portfolio companies organized as limited liability companies, or LLCs (or other forms of pass-through entities). By investing through these wholly owned subsidiaries, the Company is able to benefit from the tax treatment of these entities and create a tax structure that is more advantageous with respect to the Company s RIC status. These taxable subsidiaries are consolidated for financial reporting purposes and in accordance with U.S. generally accepted accounting principles (U.S. GAAP), and the portfolio investments held by these taxable subsidiaries are included in the Company s consolidated financial statements and recorded at fair value. These taxable subsidiaries are not consolidated with Hercules for income tax purposes and may generate income tax expense, or benefit, and tax assets and liabilities as a result of their ownership of certain portfolio investments.

The consolidated financial statements include the accounts of the Company, its subsidiaries and its consolidated securitization VIE. All significant inter-company accounts and transactions have been eliminated in consolidation. As provided under Regulation S-X and ASC 946, the Company will not consolidate its investment

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in a portfolio company other than an investment company subsidiary or a controlled operating company whose business consists of providing services to the Company. Rather, an investment company s interest in portfolio companies that are not investment companies should be measured at fair value in accordance with ASC Topic 946.

The accompanying consolidated interim financial statements have been prepared in conformity with U.S. GAAP for interim financial information, and pursuant to the requirements for reporting on Form 10-Q and Articles 6 and 10 of Regulation S-X. 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 full fiscal 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, 2017. The year-end Consolidated Statement of Assets and Liabilities data was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP.

Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the consolidated financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

2. Summary of Significant Accounting Policies

Principles of Consolidation

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

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

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

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

As of the date of this report, the only VIE consolidated by the Company is its securitization VIE formed in conjunction with the issuance of the 2021 Asset-Backed Notes (as defined herein). See Note 4 Borrowings .

Reclassification

Certain balances from prior years have been reclassified in order to conform to the current year presentation.

Valuation of Investments

The most significant estimate inherent in the preparation of the Company s consolidated financial statements is the valuation of investments and the related amounts of unrealized appreciation and depreciation of investments recorded.

At June 30, 2018, approximately 94.9% of the Company s total assets represented investments in portfolio companies whose fair value is determined in good faith by the Board of Directors. Value, as defined in Section 2(a)(41) of the 1940 Act, is (i) the market price for those securities for which a market quotation is readily available and (ii) for all other securities and assets, fair value is as determined in good faith by the Board of Directors. The Company s investments are carried at fair value in accordance with the 1940 Act and ASC Topic 946 and measured in accordance with ASC Topic 820 (Fair Value Measurements). The Company s debt securities are primarily invested in venture capital-backed companies in technology-related industries including technology, drug discovery and development, biotechnology, life sciences, healthcare, and sustainable and renewable technology at all stages of development. Given the nature of lending to these types of businesses, substantially all of the Company s investments in these portfolio companies are considered Level 3 assets under ASC Topic 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 by the Company s Board of Directors in accordance with the provisions of ASC Topic 820 and the 1940 Act. Due to the inherent uncertainty in determining the fair value of investments that do not have a readily available market value, the fair value of the Company s investments determined in good faith by its Board of Directors may differ significantly from the value that would have been used had a readily available market existed for such investments, and the differences could be material.

The Company may from time to time engage an independent valuation firm to provide the Company with valuation assistance with respect to certain portfolio investments. The Company engages independent valuation firms on a discretionary basis. Specifically, on a quarterly basis, the Company will identify portfolio investments with respect to which an independent valuation firm will assist in valuing. The Company selects these portfolio investments based on a number of factors, including, but not limited to, the potential for material fluctuations in valuation results, credit quality and the time lapse since the last valuation of the portfolio investment by an independent valuation firm.

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

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

(1) the Company s quarterly valuation process begins with each portfolio company being initially valued by the investment professionals responsible for the portfolio investment;

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(2) preliminary valuation conclusions are then documented and business based assumptions are discussed with the Company s investment committee;

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

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

ASC Topic 820 establishes a framework for measuring the fair value of assets and liabilities and outlines a fair value hierarchy which prioritizes the inputs used to measure fair value and the effect of fair value measures on earnings. ASC Topic 820 also requires disclosure for fair value measurements based on the level within the hierarchy of the information used in the valuation. ASC Topic 820 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value. ASC Topic 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 Topic 820 based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels, defined by ASC Topic 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 publicly held debt investments and 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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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 June 30, 2018 and as of December 31, 2017. The Company transfers investments in and out of Level 1, 2 and 3 as of the beginning of the period, based on changes in the use of observable and unobservable inputs utilized to perform the valuation for the period. During the six months ended June 30, 2018, there were no transfers between Levels 1 or 2.

(in thousands) Description	Balance June 30, 2018	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Senior Secured Debt	$ 1,536,056	$	$	$ 1,536,056
Unsecured Debt	9,941			9,941
Preferred Stock	66,768			66,768
Common Stock	54,741	36,728		18,013
Warrants	34,430		6,418	28,012
Escrow Receivable	1,115			1,115
Total	$ 1,703,051	$ 36,728	$ 6,418	$ 1,659,905

(in thousands) Description	Balance December 31, 2017	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Senior Secured Debt	$ 1,415,984	$	$	$ 1,415,984
Preferred Stock	40,683			40,683
Common Stock	48,678	22,825		25,853
Warrants	36,869		5,664	31,205
Escrow Receivable	752			752
Total	$ 1,542,966	$ 22,825	$ 5,664	$ 1,514,477

The table below presents a 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 six months ended June 30, 2018 and the year ended December 31, 2017.

(in thousands)	Balance January 1, 2018	Net Realized Gains (Losses)(1)	Net Change in Unrealized Appreciation (Depreciation)(2)	Purchases(5)	Sales	Repayments(6)	Gross Transfers into Level 3(3)	Gross Transfers out of Level 3(3)	Balance June 30, 2018
Senior Debt	$ 1,415,984	$ (13,295)	$ 15,850	$ 524,301	$	$ (406,784)	$	$	$ 1,536,056
Unsecured Debt			27	15,585		(5,671)			9,941
Preferred Stock	40,683		(1,172)	27,257					66,768
Common Stock	25,853	(2,900)	878	2,761	(200)			(8,379)	18,013
Warrants	31,205	(2,418)	324	809	(1,692)			(216)	28,012
Escrow Receivable	752	78	(143)	875	(447)				1,115
Total	$ 1,514,477	$ (18,535)	$ 15,764	$ 571,588	$ (2,339)	$ (412,455)	$	$ (8,595)	$ 1,659,905

(in thousands)	Balance January 1, 2017	Net Realized Gains (Losses)(1)	Net Change in Unrealized Appreciation (Depreciation)(2)	Purchases(5)	Sales	Repayments(6)	Gross Transfers into Level 3(4)	Gross Transfers out of Level 3(4)	Balance December 31, 2017
Senior Debt	$ 1,323,978	$ (24,684)	$ 29,610	$ 776,648	$	$ (626,897)	$	$ (62,671)	$ 1,415,984
Preferred Stock	39,418	(7,531)	11,955	2,683	(468)			(5,374)	40,683
Common Stock	10,965	(487)	(49,462)	3,748	(1,582)		62,671		25,853
Warrants	24,246	727	8,450	5,449	(7,303)			(364)	31,205
Escrow Receivable	1,382	261		3,127	(4,018)				752
Total	$ 1,399,989	$ (31,714)	$ 553	$ 791,655	$ (13,371)	$ (626,897)	$ 62,671	$ (68,409)	$ 1,514,477

(1) Included in net realized gains or losses in the accompanying Consolidated Statement of Operations.

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(2) Included in net change in unrealized appreciation (depreciation) in the accompanying Consolidated Statement of Operations.
(3) Transfers out of Level 3 during the six months ended June 30, 2018 relate to the initial public offerings of DocuSign, Inc., and Tricida, Inc.
(4) Transfers out of Level 3 during the year ended December 31, 2017 relate to the conversion of the Company s debt investment in Sungevity, Inc. and a portion of the Company s debt investment in Gamma Medica, Inc. to common stock through bankruptcy transactions. Initial public offerings of ForeScout Technologies, Inc., Aquantia Corporation, and Quanterix Corporation, and merger of our former portfolio company Cempra, Inc. and current portfolio company Melinta Therapeutics, Inc. into NASDAQ-listed company Melinta Therapeutics, Inc. Transfers into Level 3 during the year ended December 31, 2017 relate to the conversion of the Company s debt investment in Sungevity, Inc. and a portion of the Company s debt investment in Gamma Medica, Inc. to common stock through bankruptcy transactions.
(5) Amounts listed above are inclusive of loan origination fees received at the inception of the loan which are deferred and amortized into fee income as well as the accretion of existing loan discounts and fees during the period. Escrow receivable purchases may include additions due to proceeds held in escrow from the liquidation of level 3 investments.
(6) Amounts listed above include the acceleration and payment of loan discounts and loan fees due to early payoffs or restructures.

For the six months ended June 30, 2018, approximately $1.2 million in net unrealized depreciation and $2.0 in net unrealized depreciation was recorded for preferred stock and common stock Level 3 investments, respectively, relating to assets still held at the reporting date. For the same period, approximately $3.5 million in net unrealized depreciation and $2.1 million in net unrealized depreciation was recorded for debt and warrant Level 3 investments, respectively, relating to assets still held at the reporting date.

For the year ended December 31, 2017, approximately $4.2 million in net unrealized appreciation and $49.2 million in net unrealized depreciation was recorded for preferred stock and common stock Level 3 investments, respectively, relating to assets still held at the reporting date. The depreciation on common stock during the period reflects the conversion of the Company s debt investment in Sungevity, Inc. to common stock at cost through a bankruptcy transaction and subsequent depreciation to fair value. For the same period, approximately $10.5 million in net unrealized depreciation and $9.0 million in net unrealized appreciation was recorded for debt and warrant Level 3 investments, respectively, relating to assets still held at the reporting date.

The following tables provide quantitative information about the Company s Level 3 fair value measurements as of June 30, 2018 and December 31, 2017. In addition to the techniques and inputs noted in the tables below, according to the Company s valuation policy the Company may also use other valuation techniques and methodologies when determining the Company s fair value measurements. The tables below are not intended to be all-inclusive, but rather provide information on the significant Level 3 inputs as they relate to the Company s fair value measurements.

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The significant unobservable input used in the fair value measurement of the Company s escrow receivables is the amount recoverable at the contractual maturity date of the escrow receivable.

Investment Type - Level Three Debt Investments	Fair Value at June 30, 2018 (in thousands)	Valuation Techniques/ Methodologies	Unobservable Input(1)	Range	Weighted Average(2)
Pharmaceuticals	$ 59,758	Originated Within 4-6 Months	Origination Yield	12.53% - 13.01%	12.73%
	360,183	Market Comparable Companies	Hypothetical Market Yield	10.46% - 16.04%	13.50%
			Premium/(Discount)	(0.50%) - 0.50%	
	33	Liquidation(3)	Probability weighting of alternative outcomes	50.00%	
Technology	60,760	Originated Within 4-6 Months	Origination Yield	11.17% - 12.52%	11.53%
	421,695	Market Comparable Companies	Hypothetical Market Yield	10.05% - 18.48%	13.43%
			Premium/(Discount)	(0.25%) - 0.50%	
	2,144	Liquidation(3)	Probability weighting of alternative outcomes	50.00%	
Sustainable and Renewable Technology	19,535	Originated Within 4-6 Months	Origination Yield	14.27% - 15.19%	14.84%
	68,713	Market Comparable Companies	Hypothetical Market Yield	11.25% - 21.16%	13.98%
			Premium/(Discount)	0.00% - 0.50%	
Medical Devices	62,968	Market Comparable Companies	Hypothetical Market Yield	11.18% - 16.05%	13.21%
			Premium/(Discount)	0.00% - 1.00%	
	829	Liquidation(3)	Probability weighting of alternative outcomes	5.00% - 75.00%	
Lower Middle Market	19,682	Originated Within 4-6 Months	Origination Yield	14.16% - 16.39%	15.27%
	87,722	Market Comparable Companies	Hypothetical Market Yield	9.48% - 13.89%	12.96%
			Premium/(Discount)	0.00% - 0.25%	
	19,127	Liquidation(3)	Probability weighting of alternative outcomes	10.00% - 55.00%	
		Debt Investments Where Fair Value Approximates Cost			
	272,833	Debt Investments originated within 3 months			
	37,943	Imminent Payoffs(4)			
	52,072	Debt Investments Maturing in Less than One Year			
	$ 1,545,997	**Total Level Three Debt Investments**			

(1) The significant unobservable inputs used in the fair value measurement of the Company s debt securities are hypothetical market yields and premiums/(discounts). The hypothetical market yield is defined as the exit price of an investment in a hypothetical market to hypothetical market participants where buyers and sellers are willing participants. The premiums (discounts) relate to company specific characteristics such as underlying investment

performance, security liens, and other characteristics of the investment. Significant increases (decreases) in the inputs in isolation may result in a significantly lower (higher) fair value measurement, depending on the materiality of the investment. Debt investments in the industries noted in the Company s Consolidated Schedule of Investments are included in the industries noted above as follows:

Pharmaceuticals, above, is comprised of debt investments in the Healthcare Services Other, Drug Discovery & Development, Drug Delivery and Biotechnology Tools industries in the Consolidated Schedule of Investments.

Technology, above, is comprised of debt investments in the Software, Electronics & Computer Hardware, Media/Content/Info, Internet Consumer & Business Services, Consumer & Business Products, and Information Services industries in the Consolidated Schedule of Investments.

Sustainable and Renewable Technology, above, is comprised of debt investments in the Sustainable and Renewable Technology, Internet Consumer & Business Services, and Electronics & Computer Hardware industries in the Consolidated Schedule of Investments.

Medical Devices, above, is comprised of debt investments in the Drug Delivery, Surgical Devices and Medical Devices & Equipment industries in the Consolidated Schedule of Investments.

Lower Middle Market, above, is comprised of debt investments in the Healthcare Services Other, Internet Consumer & Business Services, Diversified Financial Services, Sustainable and Renewable Technology, and Software industries in the Consolidated Schedule of Investments.

(2) The weighted averages are calculated based on the fair market value of each investment.

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

(4) Imminent payoffs represent debt investments that the Company expects to be fully repaid within the next three months, prior to their scheduled maturity date.

Investment Type - Level Three Debt Investments	Fair Value at December 31, 2017 (in thousands)	Valuation Techniques/ Methodologies	Unobservable Input[1]	Range	Weighted Average[2]
Pharmaceuticals	$ 44,301	Originated Within 6 Months	Origination Yield	10.71% - 12.61%	11.89%
	379,841	Market Comparable Companies	Hypothetical Market Yield	10.14% - 16.14%	12.94%
			Premium/(Discount)	(0.25%) - 0.75%	
	2,257	Liquidation[3]	Probability weighting of alternative outcomes	100.00%	
Technology	158,916	Originated Within 6 Months	Origination Yield	9.4% - 25.11%	11.68%
	290,561	Market Comparable Companies	Hypothetical Market Yield	9.47% - 19.21%	13.55%
			Premium/(Discount)	(0.25%) - 1.00%	
	22,020	Liquidation[3]	Probability weighting of alternative outcomes	5.00% - 100.00%	
Sustainable and Renewable	33,020	Originated Within 6 Months	Origination Yield	11.97% - 20.06%	15.31%
Technology	49,647	Market Comparable Companies	Hypothetical Market Yield	11.15% - 14.16%	12.13%
			Premium/(Discount)	0.00% - 0.25%	
Medical Devices	17,013	Originated Within 6 Months	Origination Yield	13.49%	13.49%
	89,869	Market Comparable Companies	Hypothetical Market Yield	9.66% - 17.57%	12.28%
			Premium/(Discount)	0.00% - 0.50%	
Lower Middle Market	97,291	Originated Within 6 Months	Origination Yield	8.29% - 12.68%	12.01%
	19,219	Liquidation[3]	Probability weighting of alternative outcomes	10.00% - 100.00%	
		Debt Investments Where Fair Value Approximates Cost			
	35,517	Imminent Payoffs[4]			
	176,512	Debt Investments Maturing in Less than One Year			

$ 1,415,984	**Total Level Three Debt Investments**

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

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

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

Sustainable and Renewable Technology, above, aligns with the Sustainable and Renewable Technology Industry in the Consolidated Schedule of Investments.

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

(2) The weighted averages are calculated based on the fair market value of each investment.

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

(4) Imminent payoffs represent debt investments that the Company expects to be fully repaid within the next three months, prior to their scheduled maturity date.

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Investment Type - Level Three Equity and Warrant Investments	Fair Value at June 30, 2018 (in thousands)	Valuation Techniques/ Methodologies	Unobservable Input[1]	Range	Weighted Average[6]
Equity Investments	$ 11,411	Market Comparable Companies	EBITDA Multiple[2]	8.3x - 24.9x	2.7x
			Revenue Multiple[2]	0.7x - 12.4x	2.6x
			Discount for Lack of Marketability[3]	10.49% - 23.88%	20.57%
			Average Industry Volatility[4]	34.06% - 106.41%	65.88%
			Risk-Free Interest Rate	2.02% - 2.45%	2.37%
			Estimated Time to Exit (in months)	5 - 20	16
	15,975	Market Adjusted OPM Backsolve	Market Equity Adjustment[5]	(87.43%) - 49.59%	16.59%
			Average Industry Volatility[4]	34.79% - 81.59%	74.30%
			Risk-Free Interest Rate	0.92% - 2.18%	2.08%
			Estimated Time to Exit (in months)	11 - 23	17
	10,996	Liquidation	Probability weighting of alternative outcomes	75%	
	46,399	Other[7]			
Warrant Investments	17,143	Market Comparable Companies	EBITDA Multiple[2]	8.3x - 18.4x	0.9x
			Revenue Multiple[2]	0.4x - 7.9x	1.7x
			Discount for Lack of Marketability[3]	10.49% - 30.06%	19.97%
			Average Industry Volatility[4]	34.06% - 102.64%	67.77%
			Risk-Free Interest Rate	2.28% - 2.68%	2.36%
			Estimated Time to Exit (in months)	11 - 48	16
	8,994	Market Adjusted OPM Backsolve	Market Equity Adjustment[5]	(23.4%) - 200.72%	14.52%
			Average Industry Volatility[4]	34.79% - 103.09%	49.66%
			Risk-Free Interest Rate	1.08% - 2.50%	1.41%
			Estimated Time to Exit (in months)	8 - 44	13
	1,875	Other[7]			
Total Level Three Warrant and Equity Investments	$ 112,793				

(1)

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, market equity adjustment factors, and discounts for lack of marketability. Additional inputs used in the Black Scholes option pricing model (OPM) 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. The significant unobservable input used in the fair value measurement of impaired equity securities is the probability weighting of alternative outcomes.

(2) Represents amounts used when the Company has determined that market participants would use such multiples when pricing the investments.

(3) Represents amounts used when the Company has determined market participants would take into account these discounts when pricing the investments.

(4) Represents the range of industry volatility used by market participants when pricing the investment.

(5) Represents the range of changes in industry valuations since the portfolio company s last external valuation event.

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

(7) The fair market value of these investments is derived based on recent private market and merger and acquisition transaction prices.

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Investment Type - Level Three Equity and Warrant Investments	Fair Value at December 31, 2017 (in thousands)	Valuation Techniques/ Methodologies	Unobservable Input(1)	Range	Weighted Average(6)
Equity Investments	$ 7,684	Market Comparable Companies	EBITDA Multiple(2)	5.1x - 40.2x	13.2x
			Revenue Multiple(2)	0.5x - 6.2x	2.9x
			Discount for Lack of Marketability(3)	7.49% - 12.97%	8.77%
			Average Industry Volatility(4)	27.8% - 77.3%	53.35%
			Risk-Free Interest Rate	1.40% - 1.90%	1.47%
			Estimated Time to Exit (in months)	3 - 10	5
	19,323	Market Adjusted OPM Backsolve	Market Equity Adjustment(5)	(16.43%) - 29.4%	11.79%
			Average Industry Volatility(4)	33.17% - 78.77%	68.99%
			Risk-Free Interest Rate	0.84% - 1.51%	1.42%
			Estimated Time to Exit (in months)	5 - 26	13
	39,529	Other(7)			
Warrant Investments	19,310	Market Comparable Companies	EBITDA Multiple(2)	5x - 40.2x	14.6x
			Revenue Multiple(2)	0.5x - 6.4x	2.6x
			Discount for Lack of Marketability(3)	5.16% - 27.41%	13.57%
			Average Industry Volatility(4)	27.8% - 102.77%	55.15%
			Risk-Free Interest Rate	1.31% - 2.09%	1.66%
			Estimated Time to Exit (in months)	2 - 48	13
	6,713	Market Adjusted OPM Backsolve	Market Equity Adjustment(5)	(68.52%) - 154.5%	11.76%
			Average Industry Volatility(4)	33.17% - 110.32%	66.97%

		Risk-Free Interest Rate	0.96% - 2.09%	1.59%
		Estimated Time to Exit (in months)	5 - 48	20
	5,182	Other(7)		
Total Level Three Warrant and Equity Investments	$ 97,741			

(1) 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, market equity adjustment factors, and discounts for lack of marketability. Additional inputs used in the Black Scholes OPM 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.
(2) Represents amounts used when the Company has determined that market participants would use such multiples when pricing the investments.
(3) Represents amounts used when the Company has determined market participants would take into account these discounts when pricing the investments.
(4) Represents the range of industry volatility used by market participants when pricing the investment.
(5) Represents the range of changes in industry valuations since the portfolio company s last external valuation event.
(6) Weighted averages are calculated based on the fair market value of each investment.
(7) The fair market value of these investments is derived based on recent private market and merger and acquisition transaction prices.

Debt Investments

The Company follows the guidance set forth in ASC Topic 820 which establishes a framework for measuring the fair value of assets and liabilities and outlines a fair value hierarchy, which prioritizes the inputs used to measure fair value and the effect of fair value measures on earnings. The Company s debt securities are primarily invested in venture capital-backed companies in technology-related industries including technology, drug discovery and development, biotechnology, life sciences, healthcare, and sustainable and renewable technology at all stages of development. Given the nature of lending to these types of businesses, substantially all of the Company s investments in these portfolio companies are considered Level 3 assets under ASC Topic 820 because there is no known or accessible market or market indexes for debt instruments for these investment securities to be traded or exchanged. In addition, the Company may, from time to time, invest in public debt of companies that meet the Company s investment objectives. These investments are considered Level 2 assets.

In making a good faith determination of the value of the Company s investments, the Company generally starts with the cost basis of the investment, which includes the value attributed to the original issue discount (OID), if any, and payment-in-kind (PIK) interest or other receivables which have been accrued as earned. The Company then applies the valuation methods as set forth below.

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

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

The Company s process includes an analysis of, 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 debt investments using broker quotes and bond indices amongst other factors. If there is a significant deterioration of the credit quality of a debt investment, the Company may consider other factors to estimate fair value, including the proceeds that would be received in a liquidation analysis.

The Company records unrealized depreciation on investments when it believes that an investment has decreased in value, including where collection of a debt investment is doubtful or, if under the in-exchange premise, when the value of a debt investment is 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 investment is greater than amortized cost.

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

Debt investments that are traded on a public exchange are valued at the prevailing market price as of the valuation date.

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 amount 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 OPM. 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

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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.

Escrow Receivables

Escrow receivables are collected in accordance with the terms and conditions of the escrow agreement. Escrow balances are typically distributed over a period greater than one year and may accrue interest during the escrow period. Escrow balances are measured for collectability on at least a quarterly basis and fair value is determined based on the amount of the estimated recoverable balances and the contractual maturity date. As of June 30, 2018, there were no material past due escrow receivables.

Portfolio Composition

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. Under the 1940 Act, the Company is generally 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 generally 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 the Company s realized gains and losses and changes in unrealized appreciation and depreciation on control and affiliate investments for the three and six months ended June 30, 2018 and 2017.

(in thousands)			For the Three Months Ended June 30, 2018				For the Six Months Ended June 30, 2018			
Portfolio Company	**Type**	**Fair Value at June 30, 2018**	**Interest Income**	**Fee Income**	**Net Change in Unrealized (Depreciation)/ Appreciation**	**Realized Gain/ (Loss)**	**Interest Income**	**Fee Income**	**Net Change in Unrealized (Depreciation)/ Appreciation**	**Realized Gain/ (Loss)**
Control Investments										
Achilles Technology Management Co II, Inc.	Control	$	$	$	$ 2,983	$ (2,900)	$	$	$ 2,858	$ (2,900)
Gibraltar Business Capital, LLC	Control	37,589	373				501			
Second Time Around (Simplify Holdings, LLC)	Control								1,781	(1,743)
Tectura Corporation	Control	19,127	468		974		926		(1,302)	335
Total Control Investments		$ 56,716	$ 841	$	$ 3,957	$ (2,900)	$ 1,427	$	$ 3,337	$ (4,308)
Affiliate Investments										
Optiscan BioMedical, Corp.	Affiliate	$ 7,327	$	$	$ 1,480	(680)	$	$	$ 415	$ (680)
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)	Affiliate	21,378	500	84	(1,318)		1,061	192	(490)	
Stion Corporation	Affiliate				1,378	(1,378)			1,378	(1,378)
Total Affiliate Investments		$ 28,705	$ 500	$ 84	$ 1,540	$ (2,058)	$ 1,061	$ 192	$ 1,303	$ (2,058)
Total Control & Affiliate Investments		$ 85,421	$ 1,341	$ 84	$ 5,497	$ (4,958)	$ 2,488	$ 192	$ 4,640	$ (6,366)

(in thousands)

Portfolio Company	Type	Fair Value at June 30, 2017	For the Three Months Ended June 30, 2017 Interest Income	Fee Income	Net Change in Unrealized Appreciation/ (Depreciation)	Realized Gain/ (Loss)	For the Six Months Ended June 30, 2017 Interest Income	Fee Income	Net Change in Unrealized Appreciation/ (Depreciation)	Realized Gain/ (Loss)
Control Investments										
Achilles Technology Management Co II, Inc.	Control	$ 2,116	$ 73	$ 5	$ (267)	$	$ 142	$ 10	$ (2,208)	$
HercGamma, Inc.	Control	1,169								
SkyCross, Inc.	Control				133	(394)			2,236	(394)
Tectura Corporation	Control	19,991	454				899		51	(51)
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)	Control	8,288			(53,215)				(53,214)	
Total Control Investments		$ 31,564	$ 527	$ 5	$ (53,349)	$ (394)	$ 1,041	$ 10	$ (53,135)	$ (445)
Affiliate Investments										
Optiscan BioMedical, Corp.	Affiliate	$ 5,991	$	$	$ 681	$	$	$	$ 1,119	$
Stion Corporation	Affiliate						2			
Total Affiliate Investments		$ 5,991	$	$	$ 681	$	$ 2	$	$ 1,119	$
Total Control & Affiliate Investments		$ 37,555	$ 527	$ 5	$ (52,668)	$ (394)	$ 1,043	$ 10	$ (52,016)	$ (445)

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In March 2018, the Company acquired 100% ownership in Gibraltar Business Capital LLC and classified it as a control investment in accordance with the requirements of the 1940 Act. Gibraltar Business Capital LLC is focused on providing asset-based and other secured financing solutions.

In July 2017, the Company acquired the primary assets of Second Time Around (Simplify Holdings, LLC) as part of an article 9 consensual foreclosure and public auction. These assets represent the remaining possible recovery on the Company s debt and as such this investment is classified as a control investment as of September 30, 2017. As of February 2018, all material recoveries had been made and subsequently the Company s investments were deemed wholly worthless and written off for a realized loss.

In April 2017, the Company s investment in Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) became classified as a control investment as a result of obtaining more than 25% of the portfolio company s voting securities. In April 2017, under Section 363 of the Bankruptcy Code, Sungevity, Inc. entered into a $50.0 million asset purchase agreement and DIP financing facility with a group of investors, led by Northern Pacific Group and including the Company. On April 7, 2017, the U.S. Bankruptcy Court approved the DIP financing facility and on April 17, the U.S. Bankruptcy Court approved the asset purchase agreement. On April 26, 2017, Solar Spectrum Holdings LLC, a new company backed by the investment group, announced that it had acquired certain assets of Sungevity, Inc. as part of the bankruptcy court-approved sale. As a result, the cost basis of the Company s debt investment in Sungevity, Inc. was converted to an equity position in Solar Spectrum Holdings LLC and the Company s warrant and equity positions in Sungevity, Inc. were written off for a realized loss.

In August 2017, the Company s ownership in Solar Spectrum Holdings LLC was diluted below 25% as a result of additional equity contributions by other investors to fund the acquisition of Horizon Solar Power, Inc. by Solar Spectrum Holdings LLC. The Company made a $15.0 million debt investment to fund the acquisition. Accordingly, the Company s equity and new debt investment in Solar Spectrum Holdings LLC became classified as affiliate investments as of September 30, 2017.

In January 2017, the Company s investment in Tectura Corporation became classified as a control investment as a result of obtaining more than 50% representation on the portfolio company s board. In March 2017, the Company s warrants in Tectura Corporation expired and were written off for a realized loss. In May 2018, the Company purchased common shares, thereby obtaining greater than 25% of voting securities of Tectura as of June 30, 2018.

In June 2016, the Company acquired 100% ownership of the equity of Achilles Technology Management Co II, Inc. and classified it as a control investment in accordance with the requirements of the 1940 Act. In August 2017, the Company s debt investment in Achilles Technology Management II, Inc. was fully repaid by net proceeds from sales of the portfolio company s assets. In addition, the Company s equity investment in Achilles Technology Management II, Inc. was reduced by $900,000 in lieu of a success fee on the repayment of our debt investment. In May 2018, the Company received $375,000 as part of a legal settlement and the remaining equity investment in Achilles Technology Management II, Inc. was deemed wholly worthless and written off for realized loss as of June 30, 2018.

The following table shows the fair value of the Company s portfolio of investments by asset class as of June 30, 2018 and December 31, 2017:

	June 30, 2018	December 31, 2017

(in thousands)	Investments at Fair Value	Percentage of Total Portfolio	Investments at Fair Value	Percentage of Total Portfolio
Senior Secured Debt with Warrants	$ 700,793	41.2%	$ 880,115	57.1%
Senior Secured Debt	869,693	51.1%	572,738	37.1%
Unsecured Debt	9,941	0.6%		
Preferred Stock	66,768	3.9%	40,683	2.6%
Common Stock	54,741	3.2%	48,678	3.2%
Total	$ 1,701,936	100.0%	$ 1,542,214	100.0%

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The increase in senior secured debt and the decrease in senior secured debt with warrants during the period is primarily due to an increase in new debt investments that do not include detachable equity enhancement features.

A summary of the Company s investment portfolio, at value, by geographic location as of June 30, 2018 and December 31, 2017 is shown as follows:

	June 30, 2018		December 31, 2017	
(in thousands)	**Investments at Fair Value**	**Percentage of Total Portfolio**	**Investments at Fair Value**	**Percentage of Total Portfolio**
United States	$ 1,471,237	86.4%	$ 1,404,235	91.1%
United Kingdom	137,881	8.1%	91,105	5.9%
Australia	34,894	2.1%		0.0%
Netherlands	21,412	1.3%	20,783	1.3%
Cayman Islands	20,066	1.2%	14,954	1.0%
Sweden	12,042	0.7%		0.0%
Switzerland	3,695	0.2%	10,581	0.7%
Canada	709	0.0%	556	0.0%
Total	$ 1,701,936	100.0%	$ 1,542,214	100.0%

The following table shows the fair value of the Company s portfolio by industry sector at June 30, 2018 and December 31, 2017:

	June 30, 2018		December 31, 2017	
(in thousands)	**Investments at Fair Value**	**Percentage of Total Portfolio**	**Investments at Fair Value**	**Percentage of Total Portfolio**
Drug Discovery & Development	$ 446,575	26.3%	$ 369,173	23.9%
Software	445,486	26.2%	360,123	23.4%
Internet Consumer & Business Services	256,956	15.1%	154,909	10.0%
Sustainable and Renewable Technology	119,575	7.1%	118,432	7.7%
Medical Devices & Equipment	98,887	5.8%	94,595	6.1%
Healthcare Services, Other	82,302	4.8%	72,337	4.7%
Drug Delivery	56,161	3.3%	91,214	5.9%
Media/Content/Info	47,977	2.8%	152,998	9.9%
Information Services	44,696	2.6%	24,618	1.6%
Diversified Financial Services	37,589	2.2%		
Consumer & Business Products	24,186	1.4%	19,792	1.3%
Electronics & Computer Hardware	22,099	1.3%	9,982	0.6%
Communications & Networking	6,241	0.4%	6,649	0.4%
Biotechnology Tools	5,686	0.3%	5,604	0.4%
Surgical Devices	5,459	0.3%	13,161	0.9%
Semiconductors	1,451	0.1%	10,406	0.7%

Diagnostic	407	0.0%	720	0.1%
Specialty Pharmaceuticals	203	0.0%	37,501	2.4%
Total	$ 1,701,936	100.0%	$ 1,542,214	100.0%

No single portfolio investment represents more than 10% of the fair value of the investments as of June 30, 2018 and December 31, 2017.

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Investment Collateral

In the majority of cases, the Company collateralizes its investments by obtaining a first priority security interest in a portfolio company s assets, which may include its intellectual property. In other cases, the Company may obtain a negative pledge covering a company s intellectual property. At June 30, 2018, approximately 85.9% of the Company s debt investments were in a senior secured first lien position, with 49.2% secured by a first priority security in all of the assets of the portfolio company, including its intellectual property, 29.3% secured by a first priority security in all of the assets of the portfolio company and the portfolio company was prohibited from pledging or encumbering its intellectual property, 1.4% of the Company s debt investments were senior secured by the equipment of the portfolio company and 6.1% of the Company s debt investments were in a first lien last-out senior secured position with security interest in all of the assets of the portfolio company, whereby the last-out loans will be subordinated to the first-out portion of the unitranche loan in a liquidation, sale or other disposition. Another 13.5% of the Company s debt investments were secured by a second priority security interest in the portfolio company s assets, and 0.6% were unsecured.

Cash, Restricted Cash, and Cash Equivalents

Cash and cash equivalents consists solely of funds deposited with financial institutions and short-term liquid investments in money market deposit accounts. Cash and cash equivalents are carried at cost, which approximates fair value. Restricted cash and cash equivalents include amounts that are collected and are held by trustees who have been appointed as custodians of the assets securing certain of the Company s financing transactions.

Income Recognition

The Company records interest income on an accrual basis and recognizes it as earned in accordance with the contractual terms of the loan agreement, to the extent that such amounts are expected to be collected. 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 that principal, interest, and other obligations due will be collected in full, the Company will generally place the loan on non-accrual status and cease recognizing interest income on that loan until all principal and interest due has been paid or the Company believes the portfolio company has demonstrated the ability to repay the Company s current and future contractual obligations. 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, the Company may make exceptions to this policy if the investment has sufficient collateral value and is in the process of collection.

At June 30, 2018, the Company had two debt investments on non-accrual with a cumulative investment cost and approximate fair value of $2.8 million and $33,000, respectively. At December 31, 2017, the Company had five debt investments on non-accrual with cumulative investment cost and fair value of approximately $14.8 million and $340,000, respectively. The decrease in the cost of debt investments on non-accrual between December 31, 2017 and June 30, 2018 is the result of the write-off of two debt investments that were on non-accrual at December 31, 2017 which resulted in a realized loss of approximately $10.3 million, and a repayment in full from one debt investment.

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. The Company had approximately $33.7 million of unamortized fees at June 30, 2018, of which approximately $27.9 million was included as an offset to the cost basis of the Company s current debt investments and approximately $5.8 million was deferred contingent upon the occurrence of a funding or milestone. At December 31, 2017 the Company had approximately $33.3 million of unamortized fees, of which approximately $29.3 million was included as an offset to the cost basis of the Company s current debt investments and approximately $4.0 million was deferred contingent upon the occurrence of a funding or milestone.

The Company recognizes 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 fee income, including prepayment penalties, fees related to select covenant default, waiver fees and acceleration of previously deferred loan fees and OID related to early loan pay-off or material modification of the specific debt outstanding. The Company recorded approximately $1.7 million and $5.5 million in one-time fee income during the three months ended June 30, 2018 and 2017, respectively. The Company recorded approximately $4.8 million and $6.1 million in one-time fee income during the six months ended June 30, 2018 and 2017, respectively.

In addition, the Company may also be entitled to an exit fee that is amortized into income over the 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. At June 30, 2018, the Company had approximately $23.8 million in exit fees receivable, of which approximately $21.6 million was included as a component of the cost basis of the Company s current debt investments and approximately $2.2 million was a deferred receivable related to expired commitments. At December 31, 2017, the Company had approximately $27.5 million in exit fees receivable, of which approximately $23.9 million was included as an offset to the cost basis of the Company s current debt investments and approximately $3.6 million was deferred related to expired commitments.

The Company has debt investments in its portfolio that contain a PIK provision. Contractual PIK interest, which represents contractually deferred interest added to the loan balance that is generally due at the end of the loan term, is generally recorded on the accrual basis to the extent such amounts are expected to be collected. The Company will generally cease accruing PIK interest if there is insufficient value to support the accrual or management does not expect the portfolio company to be able to pay all principal and interest due. The Company recorded approximately $2.3 million and $2.5 million in PIK income during the three months ended June 30, 2018 and 2017, respectively. The Company recorded approximately $4.6 million and $4.7 million in PIK income during the six months ended June 30, 2018 and 2017, respectively.

To maintain the Company s ability to be subject to tax as a RIC, PIK and exit fee income generally must be accrued and distributed to stockholders in the form of dividends for U.S. federal income tax purposes even though the cash has not yet been collected. Amounts necessary to pay these distributions may come from available cash or the liquidation of certain investments.

In certain investment transactions, the Company may provide advisory services. For services that are separately identifiable and external evidence exists to substantiate fair value, income is recognized as earned, which is generally when the investment transaction closes. The Company had no income from advisory services in the three and six months ended June 30, 2018 and 2017.

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 including escrow receivables, accounts payable and accrued liabilities, approximate the fair values of such items due to the short maturity of such instruments. The borrowings of the Company are recorded at amortized cost and not at fair value on the Consolidated Statement of Assets and Liabilities. The fair value of the Company s outstanding borrowings is based on observable market trading prices or quotations and unobservable market rates as applicable for each instrument.

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Based on market quotations on or around June 30, 2018, the 2022 Notes, 2021 Asset-Backed Notes and 2022 Convertible Notes were quoted for 0.999, 1.000 and 1.012 per dollar at par value, respectively. At June 30, 2018, the 2024 Notes and 2025 Notes were trading on the NYSE for $25.27 and $24.83, respectively, per unit at par value. The par value at underwriting for the 2024 Notes and 2025 Notes was $25.00 per unit. 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 is approximately $193.8 million, compared to the carrying amount of $190.2 million as of June 30, 2018. The fair value of the outstanding borrowings under the Union Bank Facility is equal to its principal outstanding balance as of June 30, 2018.

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

The following tables provide additional information about the fair value and level in the fair value hierarchy of the Company s outstanding borrowings at June 30, 2018 and December 31, 2017:

(in thousands)

Description[(1)]	**June 30, 2018**	**Identical Assets (Level 1)**	**Observable Inputs (Level 2)**	**Unobservable Inputs (Level 3)**
SBA Debentures	$ 193,778	$	$	$ 193,778
2022 Notes	149,781		149,781	
2024 Notes	84,412		84,412	
2025 Notes	74,490		74,490	
2021 Asset-Backed Notes	31,098		31,098	
2022 Convertible Notes	232,696		232,696	
Union Bank Facility	58,323			58,323
Total	$ 824,578	$	$ 572,477	$ 252,101

(in thousands)

Description[(1)]	**December 31, 2017**	**Identical Assets (Level 1)**	**Observable Inputs (Level 2)**	**Unobservable Inputs (Level 3)**
SBA Debentures	$ 198,038	$	$	$ 198,038
2022 Notes	152,091		152,091	
2024 Notes	188,061		188,061	
2021 Asset-Backed Notes	49,199		49,199	
2022 Convertible Notes	236,470		236,470	
Total	$ 823,859	$	$ 625,821	$ 198,038

(1) As of June 30, 2018, there were no borrowings outstanding on the Wells Facility and no borrowings outstanding on both the Wells Facility and Union Bank Facility as of December 31, 2017.

4. Borrowings

Outstanding Borrowings

At June 30, 2018 and December 31, 2017, the Company had the following available and outstanding borrowings:

	June 30, 2018			December 31, 2017		
(in thousands)	**Total Available**	**Principal**	**Carrying Value (1)**	**Total Available**	**Principal**	**Carrying Value (1)**
SBA Debentures(2)	$ 190,200	$ 190,200	$ 188,457	$ 190,200	$ 190,200	$ 188,141
2022 Notes	150,000	150,000	147,728	150,000	150,000	147,572
2024 Notes	83,510	83,510	81,694	183,510	183,510	179,001
2025 Notes	75,000	75,000	72,616			
2021 Asset-Backed Notes	31,088	31,088	30,698	49,153	49,153	48,650
2022 Convertible Notes	230,000	230,000	224,269	230,000	230,000	223,488
Wells Facility(3)	120,000			120,000		
Union Bank Facility(3)	100,000	58,323	58,323	75,000		
Total	$ 979,798	$ 818,121	$ 803,785	$ 997,863	$ 802,863	$ 786,852

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(1) Except for the Wells Facility and Union Bank Facility, all carrying values represent the principal amount outstanding less the remaining unamortized debt issuance costs and unaccreted premium or discount, if any, associated with the loan as of the balance sheet date.
(2) At both June 30, 2018 and December 31, 2017, the total available borrowings under the SBA debentures were $190.2 million, of which $41.2 million was available in HT II and $149.0 million was available in HT III.
(3) Availability subject to the Company meeting the borrowing base requirements.

Debt issuance costs are fees and other direct incremental costs incurred by the Company in obtaining debt financing and are recognized as prepaid expenses and amortized over the life of the related debt instrument using the effective yield method or the straight line method, which closely approximates the effective yield method. In accordance with ASC Subtopic 835-30 (Interest Imputation of Interest), debt issuance costs are presented as a reduction to the associated liability balance on the Consolidated Statement of Assets and Liabilities, except for debt issuance costs associated with line-of-credit arrangements. Debt issuance costs, net of accumulated amortization, were as follows as of June 30, 2018 and December 31, 2017:

(in thousands)	**June 30, 2018**	**December 31, 2017**
SBA Debentures	$ 1,743	$ 2,059
2022 Notes	1,559	1,633
2024 Notes	1,871	4,591
2025 Notes	416	
2021 Asset-Backed Notes	390	503
2022 Convertible Notes	3,269	3,715
Wells Facility(1)	188	227
Union Bank Facility(1)	273	379
Total	$ 9,709	$ 13,107

(1) As the Wells Facility and Union Bank Facility are line-of-credit arrangements, the debt issuance costs associated with these instruments are presented separately as an asset on the Consolidated Statement of Assets and Liabilities in accordance with ASC Subtopic 835-30.

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. Under the Small Business Investment Company Act and current SBA policy applicable to SBICs, a SBIC can have outstanding at any time SBA guaranteed debentures up to twice the amount of its regulatory capital. With the Company s net investment of $44.0 million in HT II as of June 30, 2018, HT II has the capacity to issue a total of $41.2 million of SBA guaranteed debentures, subject to SBA approval, of which $41.2 million was outstanding as of June 30, 2018. As of June 30, 2018, HT II has paid the SBA commitment fees and facility fees of approximately $1.5 million and $3.6 million, respectively. As of June 30, 2018 the Company held investments in HT II in 33 companies with a fair value of approximately $78.5 million, accounting for approximately 4.6% of the Company s total investment portfolio at June 30, 2018. HT II held approximately $115.4 million in assets and accounted for approximately 5.2% of the Company s total assets prior to consolidation at June 30, 2018. The Company completed repayment of the remaining outstanding HT II debentures on July 13, 2018. See Note 12 Subsequent Events.

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 June 30, 2018, 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 June 30, 2018. As of June 30, 2018, HT III has paid the SBA commitment fees and facility fees of approximately $1.5 million and $3.6 million, respectively. As of June 30, 2018, the Company held investments in HT III in 45 companies with a fair value of approximately $255.2 million, accounting for approximately 15.0% of the Company s total investment portfolio at June 30, 2018. HT III held approximately $294.8 million in assets and accounted for approximately 13.4% of the Company s total assets prior to consolidation at June 30, 2018.

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

HT II and HT III are periodically examined and audited by the SBA s staff to determine their compliance with SBA regulations. If HT II or HT III fails to comply with applicable SBA regulations, the SBA could, depending on the severity of the violation, limit or prohibit HT II s or HT III s use of debentures, declare outstanding debentures immediately due and payable, and/or limit HT II or HT III from making new investments. In addition, HT II or HT III may also be limited in their ability to make distributions to the Company if they do not have sufficient capital in accordance with SBA regulations. Such actions by the SBA would, in turn, negatively affect the Company because HT II and HT III are the Company s wholly owned subsidiaries. HT II and HT III were in compliance with the terms of the SBIC s leverage as of June 30, 2018 as a result of having sufficient capital as defined under the SBA regulations.

The rates of borrowings under various draws from the SBA beginning in March 2009 are set semiannually in March and September and range from 2.25% to 4.62% excluding annual fees. Interest payments on SBA debentures are payable semiannually. There are no principal payments required on these issues prior to maturity and no prepayment penalties. Debentures under the SBA generally mature ten years after being borrowed. Based on the initial draw down date of March 2009, the initial maturity of SBA debentures will occur in March 2019. In addition, the SBA charges a fee that is set annually, depending on the Federal fiscal year the leverage commitment was delegated by the SBA, regardless of the date that the leverage was drawn by the SBIC. The annual fees related to HT II debentures that pooled on September 22, 2010 were 0.406% and 0.285%, depending upon the year in which the underlying commitment was closed. The annual fees on other debentures have been set at 0.906%. The annual fees related to HT III debentures that pooled on March 27, 2013 were 0.804%. The annual fees on other debentures have been set at 0.515%. The rates of borrowings on the Company s SBA debentures range from 3.05% to 5.53% when including these annual fees.

The average amount of debentures outstanding for the three and six months ended June 30, 2018 for HT II was approximately $41.2 million with an average interest rate of approximately 4.51% and 4.48%, respectively. The average amount of debentures outstanding for the three and six months ended June 30, 2018 for HT III was approximately $149.0 million with an average interest rate of approximately 3.42% and 3.40%, respectively.

For the three and six months ended June 30, 2018 and 2017, the components of interest expense and related fees and cash paid for interest expense for the SBA debentures are as follows:

	Three Months Ended June 30,	Six Months Ended June 30,

(in thousands)	2018	2017	2018	2017
Interest expense	$ 1,737	$ 1,737	$ 3,456	$ 3,456
Amortization of debt issuance cost (loan fees)	158	156	317	324
Total interest expense and fees	$ 1,895	$ 1,893	$ 3,773	$ 3,780
Cash paid for interest expense	$	$	$ 3,442	$ 3,442

In aggregate, at June 30, 2018, with the Company s net investment of $118.5 million, HT II and HT III have the capacity to issue a total of $190.2 million of SBA-guaranteed debentures, subject to SBA approval. At

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June 30, 2018, the Company has issued $190.2 million in SBA-guaranteed debentures in the Company s SBIC subsidiaries.

The Company reported the following SBA debentures outstanding principal balances as of June 30, 2018 and December 31, 2017:

(in thousands)

Issuance/Pooling Date	**Maturity Date**	**Interest Rate(1)**	**June 30, 2018**	**December 31, 2017**
March 25, 2009	March 1, 2019	5.53%	$ 18,400	$ 18,400
September 23, 2009	September 1, 2019	4.64%	3,400	3,400
September 22, 2010	September 1, 2020	3.62%	6,500	6,500
September 22, 2010	September 1, 2020	3.50%	22,900	22,900
March 29, 2011	March 1, 2021	4.37%	28,750	28,750
September 21, 2011	September 1, 2021	3.16%	25,000	25,000
March 21, 2012	March 1, 2022	3.28%	25,000	25,000
March 21, 2012	March 1, 2022	3.05%	11,250	11,250
September 19, 2012	September 1, 2022	3.05%	24,250	24,250
March 27, 2013	March 1, 2023	3.16%	24,750	24,750
Total SBA Debentures			$ 190,200	$ 190,200

(1) Interest rate includes annual charge

2019 Notes

In April and July 2012, the Company issued $84.5 million in aggregate principal amount of 7.00% notes due 2019 (the April 2019 Notes). In September and October 2012, the Company issued $85.9 million in aggregate principal amount of 7.00% notes due 2019 (the September 2019 Notes). The April 2019 Notes and September 2019 Notes are together referred to as the 2019 Notes.

In April 2015, the Company redeemed $20.0 million of the $84.5 million issued and outstanding aggregate principal amount of April 2019 Notes, as previously approved by the Board of Directors. In December 2015, the Company redeemed $40.0 million of the $85.9 million issued and outstanding aggregate principal amount of September 2019 Notes, as previously approved by the Board of Directors. The remaining 2019 Notes were fully redeemed on February 24, 2017.

For the three and six months ended June 30, 2018 and 2017, the components of interest expense and related fees and cash paid for interest expense for the 2019 Notes are as follows:

	Three Months Ended June 30,	**Six Months Ended June 30,**

(in thousands)	2018	2017	2018	2017
Interest expense	$	$	$	$ 1,159
Amortization of debt issuance cost (loan fees)				1,546
Total interest expense and fees	$	$	$	$ 2,705
Cash paid for interest expense	$	$	$	$ 1,911

2022 Notes

On October 23, 2017, the Company issued $150.0 million in aggregate principal amount of 4.625% Notes due 2022 (the 2022 Notes). The 2022 Notes were issued pursuant to the Fourth Supplemental Indenture to the Base Indenture, dated October 23, 2017 (the 2022 Notes Indenture), between the Company and U.S. Bank, National Association, as trustee (the 2022 Trustee). The sale of the 2022 Notes generated net proceeds of approximately $147.4 million, including a public offering discount of $826,500. Aggregate estimated offering expenses in connection with the transaction, including the underwriter s discounts and commissions of approximately $975,000, were approximately $1.8 million.

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The 2022 Notes mature on October 23, 2022, unless previously repurchased in accordance with their terms. The 2022 Notes bear interest at a rate of 4.625% per year payable semiannually in arrears on April 23 and October 23 of each year, commencing on April 23, 2018.

The 2022 Notes are unsecured obligations of the Company that rank senior in right of payment to all of the Company s existing and future indebtedness that is expressly subordinated, or junior, in right of payment to the 2022 Notes. The 2022 Notes are not guaranteed by any of the Company s current or future subsidiaries. The 2022 Notes rank pari passu, or equally, in right of payment with all of the Company s existing and future liabilities that are not so subordinated, or junior. The 2022 Notes effectively rank subordinated, or junior, 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. The 2022 Notes rank structurally subordinated, or junior, to all existing and future indebtedness (including trade payables) incurred by subsidiaries, financing vehicles or similar facilities of the Company.

The Company may redeem some or all of the 2022 Notes at any time, or from time to time, at the redemption price set forth under the terms of the indenture after September 23, 2022. No sinking fund is provided for the 2022 Notes. The 2022 Notes were issued in denominations of $2,000 and integral multiples of $1,000 thereof. As of June 30, 2018, the Company was in compliance with the terms of the 2022 Notes Indenture.

As of June 30, 2018 and December 31, 2017, the components of the carrying value of the 2022 Notes were as follows:

(in thousands)	**June 30, 2018**	**December 31, 2017**
Principal amount of debt	$ 150,000	$ 150,000
Unamortized debt issuance cost	(1,559)	(1,633)
Original issue discount, net of accretion	(713)	(795)
Carrying value of 2022 Notes	$ 147,728	$ 147,572

For the three and six months ended June 30, 2018 and 2017, the components of interest expense and related fees and cash paid for interest expense for the 2022 Notes are as follows:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
(in thousands)	**2018**	**2017**	**2018**	**2017**
Interest expense	$ 1,734	$	$ 3,469	$
Amortization of debt issuance cost (loan fees)	86		171	
Accretion of original issue discount	41		82	
Total interest expense and fees	$ 1,861	$	$ 3,722	$
Cash paid for interest expense	$ 3,469	$	$ 3,469	$

2024 Notes

On July 14, 2014, the Company and U.S. Bank, N.A. (the 2024 Trustee), entered into the Third Supplemental Indenture (the Third Supplemental Indenture) to the Base Indenture between the Company and the 2024 Trustee, dated July 14, 2014, relating to the Company s issuance, offer and sale of $100.0 million aggregate principal amount of 6.25% unsecured notes due 2024 (the 2024 Notes). On August 6, 2014, the underwriters issued notification to exercise their over-allotment option for an additional $3.0 million in aggregate principal amount of the 2024 Notes.

On May 2, 2016, the Company closed an underwritten public offering of an additional $72.9 million in aggregate principal amount of the 2024 Notes. The $72.9 million in aggregate principal amount includes $65.4 million from the initial offering on April 21, 2016 and $7.5 million as a result of underwriters exercising a portion of their option to purchase up to an additional $9.8 million in aggregate principal to cover overallotments on April 29, 2016.

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On June 27, 2016, the Company closed an underwritten public offering of an additional $60.0 million in aggregate principal amount of the 2024 Notes. On June 30, 2016, the underwriters exercised their option to purchase up to an additional $9.0 million in aggregate principal to cover overallotments, resulting in total aggregate principal of $69.0 million from the offering.

On October 11, 2016, the Company entered into a debt distribution agreement, pursuant to which it may offer for sale, from time to time, up to $150.0 million in aggregate principal amount of 2024 Notes through FBR Capital Markets & Co. acting as its sales agent (the 2024 Notes Agent). Sales of the 2024 Notes may be made in negotiated transactions or transactions that are deemed to be at the market offerings as defined in Rule 415 under the Securities Act of 1933, as amended (the Securities Act), including sales made directly on the NYSE, or similar securities exchange or sales made through a market maker other than on an exchange at prices related to prevailing market prices or at negotiated prices.

On October 24, 2017, the Board of Directors approved a redemption of $75.0 million of outstanding aggregate principal amount of the 2024 Notes, which were redeemed on November 23, 2017.

On February 9, 2018, the Company s Board of Directors approved a redemption of $100.0 million of outstanding aggregate principal amount of the 2024 Notes and notice for such redemption was provided. The Company redeemed this portion of the 2024 Notes on April 2, 2018.

The 2024 Notes Agent receives a commission from the Company equal to up to 2.00% of the gross sales of any 2024 Notes sold through the 2024 Notes Agent under the debt distribution agreement. The 2024 Notes Agent is not required to sell any specific principal amount of 2024 Notes, but will use its commercially reasonable efforts consistent with its sales and trading practices to sell the 2024 Notes. The 2024 Notes are expected to trade flat, which means that purchasers in the secondary market will not pay, and sellers will not receive, any accrued and unpaid interest on the 2024 Notes that is not reflected in the trading price.

During the six months ended June 30, 2018, the Company did not sell any notes under the debt distribution agreement. During the year ended December 31, 2017, the Company sold 225,457 notes for approximately $5.6 million in aggregate principal amount. As of June 30, 2018, approximately $136.4 million in aggregate principal amount remains available for issuance and sale under the debt distribution agreement.

All issuances of 2024 Notes rank equally in right of payment and form a single series of notes.

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

The 2024 Notes are the Company s direct unsecured obligations and rank: (i) *pari passu* with the Company s other outstanding and future senior unsecured indebtedness; (ii) senior to any of the Company s future indebtedness that expressly provides it is subordinated to the 2024 Notes; (iii) effectively subordinated to all the Company s existing and future secured indebtedness (including indebtedness that is initially unsecured to which the Company subsequently grants security), to the extent of the value of the assets securing such indebtedness; (iv) structurally subordinated to all existing and future indebtedness and other obligations of any of the Company s subsidiaries.

The Base Indenture, as supplemented by the Third Supplemental Indenture, contains certain covenants including covenants requiring the Company to comply with (regardless of whether it is subject to) the asset

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coverage requirements set forth in Section 18 (a)(1)(A) of the 1940 Act as modified by Section 61(a)(1) of the 1940 Act and to comply with the restrictions on dividends and other distributions as well as the purchase of capital stock set forth in Section 18(a)(1)(B) of the 1940 Act as modified by Section 61(a)(1) of the 1940 Act. These covenants are subject to important limitations and exceptions that are described in the Base Indenture, as supplemented by the Third Supplemental Indenture. The Base Indenture, as supplemented by the Third Supplemental Indenture, also contains certain reporting requirements, including a requirement that the Company provide financial information to the holders of the 2024 Notes and the 2024 Trustee if the Company should no longer be subject to the reporting requirements under the Exchange Act of 1934, as amended (the Exchange Act). The Base Indenture provides for customary events of default and further provides that the 2024 Trustee or the holders of 25% in aggregate principal amount of the outstanding 2024 Notes in a series may declare such 2024 Notes immediately due and payable upon the occurrence of any event of default after expiration of any applicable grace period. As of June 30, 2018, the Company was in compliance with the terms of the Base Indenture as supplemented by the Third Supplemental Indenture.

As of June 30, 2018 and December 31, 2017, the components of the carrying value of the 2024 Notes were as follows:

(in thousands)	June 30, 2018	December 31, 2017
Principal amount of debt	$ 83,510	$ 183,510
Unamortized debt issuance cost	(1,871)	(4,591)
Original issue premium, net of amortization	55	82
Carrying value of 2024 Notes	$ 81,694	$ 179,001

For the three and six months ended June 30, 2018 and 2017, the components of interest expense and related fees and cash paid for interest expense for the 2024 Notes are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2018	2017	2018	2017
Interest expense	$ 1,340	$ 4,039	$ 4,220	$ 8,026
Amortization of debt issuance cost (loan fees)	2,546	252	2,720	501
Amortization of original issue premium	(14)	(13)	(27)	(29)
Total interest expense and fees	$ 3,872	$ 4,278	$ 6,913	$ 8,498
Cash paid for interest expense	$ 2,381	$ 4,039	$ 5,249	$ 8,016

2025 Notes

On April 26, 2018, the Company issued $75.0 million in aggregate principal amount of 5.25% notes due 2025 (the 2025 Notes). The 2025 Notes were issued pursuant to the Fifth Supplemental Indenture to the Base Indenture, dated April 26, 2018 (the 2025 Notes Indenture), between the Company and U.S. Bank, National Association, as trustee.

The sale of the 2025 Notes generated net proceeds of approximately $72.6 million. Aggregate estimated offering expenses in connection with the transaction, including the underwriter s discount and commissions were approximately $2.4 million.

The 2025 Notes will mature on April 30, 2025, unless previously repurchased in accordance with their terms. The 2025 Notes bear interest at a rate of 5.25% per year payable quarterly in arrears on January 30, April 30, July 30 and October 30 of each year, commencing on July 30, 2018 and trade on the NYSE under the symbol HCXZ.

The 2025 Notes will be the Company s direct unsecured obligations and rank pari passu, or equally in right of payment, with all outstanding and future unsecured unsubordinated indebtedness issued by Hercules Capital, Inc.

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The Company may redeem some or all of the 2025 Notes at any time, or from time to time, at the redemption price set forth under the terms of the indenture after April 30, 2021. No sinking fund is provided for the 2025 Notes. The 2025 Notes were issued in denominations of $25 and integral multiples of $25 thereof. As of June 30, 2018, the Company was in compliance with the terms of the 2025 Notes Indenture.

As of June 30, 2018, and December 31, 2017, the components of the carrying value of the 2025 Notes were as follows:

(in thousands)	June 30, 2018	December 31, 2017
Principal amount of debt	$ 75,000	$
Unamortized debt issuance cost	(2,384)	
Carrying value of 2025 Notes	$ 72,616	$

For the three and six months ended June 30, 2018 and 2017, the components of interest expense and related fees and cash paid for interest expense for the 2025 Notes are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2018	2017	2018	2017
Interest expense	$ 711	$	$ 711	$
Amortization of debt issuance cost (loan fees)	57		57	
Total interest expense and fees	$ 768	$	$ 768	$
Cash paid for interest expense	$	$	$	$

2021 Asset-Backed Notes

On November 13, 2014, the Company completed a $237.4 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 2021 Asset-Backed Notes), which were rated A(sf) by Kroll Bond Rating Agency, Inc. The 2021 Asset-Backed Notes were sold by Hercules Capital Funding Trust 2014-1 pursuant to a note purchase agreement, dated as of November 13, 2014, by and among the Company, Hercules Capital Funding 2014-1, LLC as trust depositor (the 2014 Trust Depositor), Hercules Capital Funding Trust 2014-1 as issuer (the 2014 Securitization Issuer), and Guggenheim Securities, LLC, as initial purchaser, and are backed by a pool of senior loans made to certain of the Company s portfolio companies and secured by certain assets of those portfolio companies and are to be serviced by the Company. The securitization has an 18-month reinvestment period during which time principal collections may be reinvested into additional eligible loans. Interest on the 2021 Asset-Backed Notes is paid, to the extent of funds available, at a fixed rate of 3.524% per annum. The 2021 Asset-Backed Notes have a stated maturity of April 16, 2021.

As part of this transaction, the Company entered into a sale and contribution agreement with the 2014 Trust Depositor under which the Company has agreed to sell or have contributed to the 2014 Trust Depositor certain senior loans made to certain of the Company s portfolio companies (the 2014 Loans). The Company has made customary representations, warranties and covenants in the sale and contribution agreement with respect to the 2014 Loans as of the date of their transfer to the 2014 Trust Depositor.

In connection with the issuance and sale of the 2021 Asset-Backed Notes, the Company has made customary representations, warranties and covenants in the note purchase agreement. The 2021 Asset-Backed Notes are secured obligations of the 2014 Securitization Issuer and are non-recourse to the Company. The 2014 Securitization Issuer also entered into an indenture governing the 2021 Asset-Backed Notes, which includes customary representations, warranties and covenants. The 2021 Asset-Backed Notes were sold without being registered under the Securities Act (A) in the United States to qualified institutional buyers as defined in Rule 144A under the Securities Act and to institutional accredited investors (as defined in Rules 501(a)(1), (2), (3)

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or (7) under the Securities Act) who in each case, are qualified purchasers as defined in Section 2(a)(51)(A) of the 1940 Act and pursuant to an exemption under the Securities Act and (B) to non-U.S. purchasers acquiring interest in the 2021 Asset-Backed Notes outside the United States in accordance with Regulation S under the Securities Act. The 2014 Securitization Issuer is not registered under the 1940 Act in reliance on an exemption provided by Section 3(c)(7) thereof and Rule 3a-7 thereunder. In addition, the 2014 Trust Depositor entered into an amended and restated trust agreement in respect of the 2014 Securitization Issuer, which includes customary representation, warranties and covenants.

The 2014 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 2014 Loans. The Company is entitled to receive a monthly fee from the 2014 Securitization Issuer for servicing the 2014 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 October 5, 2014 through and including December 5, 2014 over 360) of 2.00% and the aggregate outstanding principal balance of the 2014 Loans plus collections on deposit in the 2014 Securitization Issuer s collections account, 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 October 5, 2014, to the close of business on December 5, 2014).The Company also serves as administrator to the 2014 Securitization Issuer under an administration agreement, which includes customary representations, warranties and covenants.

At June 30, 2018 and December 31, 2017, the 2021 Asset-Backed Notes had an outstanding principal balance of $31.1 million and $49.2 million, respectively.

For the three and six months ended June 30, 2018 and 2017, the components of interest expense and related fees and cash paid for interest expense for the 2021 Asset-Backed Notes are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2018**	**2017**	**2018**	**2017**
Interest expense	$ 282	$ 807	$ 623	$ 1,695
Amortization of debt issuance cost (loan fees)	30	211	113	421
Total interest expense and fees	$ 312	$ 1,018	$ 736	$ 2,116
Cash paid for interest expense	$ 289	$ 848	$ 676	$ 1,788

Under the terms of the 2021 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 2021 Asset-Backed Notes. The Company has segregated these funds and classified them as restricted cash. There was approximately $15.9 million and $3.7 million of restricted cash as of June 30, 2018 and December 31, 2017, respectively, funded through interest collections.

Convertible Notes

2022 Convertible Notes

On January 25, 2017, the Company issued $230.0 million in aggregate principal amount of 4.375% Convertible Notes due 2022 (the 2022 Convertible Notes), which amount includes the additional $30.0 million aggregate principal amount of 2022 Convertible Notes issued pursuant to the initial purchaser s exercise in full of its overallotment option. The 2022 Convertible Notes were issued pursuant to an Indenture, dated January 25, 2017 (the 2022 Convertible Notes Indenture), between the Company and U.S. Bank, National Association, as trustee (the 2022 Trustee). The sale of the 2022 Convertible Notes generated net proceeds of approximately $225.5 million, including $4.5 million of debt issuance costs.

The 2022 Convertible Notes mature on February 1, 2022, unless previously converted or repurchased in accordance with their terms. The 2022 Convertible Notes bear interest at a rate of 4.375% per year payable semiannually in arrears on February 1 and August 1 of each year, commencing on August 1, 2017.

The 2022 Convertible Notes are unsecured obligations of the Company and rank senior in right of payment to the Company s future indebtedness that is expressly subordinated in right of payment to the 2022 Convertible Notes; equal in right of payment to the Company s existing and future 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 August 1, 2021, holders may convert their 2022 Convertible Notes only under certain circumstances set forth in the 2022 Convertible Notes Indenture. On or after August 1, 2021 until the close of business on the scheduled trading day immediately preceding the maturity date, holders may convert their 2022 Convertible 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 is initially 60.9366 shares of common stock per $1,000 principal amount of 2022 Convertible Notes (equivalent to an initial conversion price of approximately $16.41 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 Company will increase the conversion rate for a holder who elects to convert its 2022 Convertible Notes in connection with such a corporate event in certain circumstances. As of June 30, 2018, the conversion rate was 60.9366 shares of common stock per $1,000 principal amount of Convertible Senior Notes (equivalent to an adjusted conversion price of approximately $16.41 per share of common stock).

The Company may not redeem the 2022 Convertible Notes at its option prior to maturity. No sinking fund is provided for the 2022 Convertible Notes. In addition, if certain corporate events occur, holders of the 2022 Convertible Notes may require the Company to repurchase for cash all or part of their 2022 Convertible Notes at a repurchase price equal to 100% of the principal amount of the 2022 Convertible Notes to be repurchased, plus accrued and unpaid interest through, but excluding, the required repurchase date.

The 2022 Convertible Notes Indenture contains certain covenants, including covenants requiring the Company to comply with Section 18(a)(1)(A) of the 1940 Act as modified by Section 61(a)(1) of the 1940 Act and to provide financial information to the holders of the 2022 Convertible Notes and the 2022 Trustee if the Company ceases to be subject to the reporting requirements of the Exchange Act. These covenants are subject to important limitations and exceptions that are described in the 2022 Convertible Notes Indenture. The Company offered and sold the 2022 Convertible Notes to the initial purchaser in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act, for resale by the initial purchaser to qualified institutional buyers (as defined in the Securities Act) pursuant to the exemption from registration provided by Rule 144A under the Securities Act. The Company relied on these exemptions from registration based in part on representations made by the initial purchaser in connection with the sale of the 2022 Convertible Notes.

The 2022 Convertible Notes are accounted for in accordance with ASC Subtopic 470-20 (Debt Instruments with Conversion and Other Options). In accounting for the 2022 Convertible Notes, the Company estimated at the time of issuance that the values of the debt and the embedded conversion feature of the 2022 Convertible Notes were approximately 98.5% and 1.5%, respectively. The original issue discount of 1.5%, or $3.4 million, attributable to the conversion feature of the 2022 Convertible Notes was recorded in capital in excess of par value in the 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 resulting in an estimated effective interest rate of approximately 4.76%.

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As of June 30, 2018 and December 31, 2017, the components of the carrying value of the 2022 Convertible Notes were as follows:

(in thousands)	June 30, 2018	December 31, 2017
Principal amount of debt	$ 230,000	$ 230,000
Unamortized debt issuance cost	(3,269)	(3,715)
Original issue discount, net of accretion	(2,462)	(2,797)
Carrying value of 2022 Convertible Notes	$ 224,269	$ 223,488

For the three and six months ended June 30, 2018 and 2017, the components of interest expense, fees and cash paid for interest expense for the 2022 Convertible notes were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2018	2017	2018	2017
Interest expense	$ 2,516	$ 2,516	$ 5,031	$ 4,274
Amortization of debt issuance cost (loan fees)	223	212	446	345
Accretion of original issue discount	168	168	336	280
Total interest expense and fees	$ 2,907	$ 2,896	$ 5,813	$ 4,899
Cash paid for interest expense	$ 5,031	$	$ 5,031	$

As of June 30, 2018, the Company is in compliance with the terms of the indentures governing the 2022 Convertible Notes.

Credit Facilities

As of June 30, 2018 and December 31, 2017, the Company has two available credit facilities, the Wells Facility and the Union Bank Facility (together, the Credit Facilities).

Wells Facility

On June 29, 2015, the Company, through a special purpose wholly owned subsidiary, Hercules Funding II LLC (Hercules Funding II), entered into an Amended and Restated Loan and Security Agreement (the Wells Facility) with Wells Fargo Capital Finance, LLC, as a lender and as the arranger and the administrative agent, and the lenders party thereto from time to time.

The Wells Facility matures on August 2, 2019, unless terminated sooner in accordance with its terms.

Under the Wells Facility, Wells Fargo Capital Finance, LLC made commitments of $75.0 million, Alostar Bank of Commerce made commitments of $20.0 million, and Everbank Commercial Finance Inc. made commitments of $25.0 million. The Wells 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 and subject to other customary conditions. The Company expects to continue discussions with various other potential lenders to join the facility; however, there can be no assurances that additional lenders will join the Wells Facility. Borrowings under the Wells Facility generally bear interest at a rate per annum equal to LIBOR plus 3.25%, and the Wells Facility has an advance rate of 50% against eligible debt investments. The Wells Facility is secured by all of the assets of Hercules Funding II. The Wells Facility requires payment of a non-use fee on a scale of 0.0% to 0.50% depending on the average monthly outstanding balance under the facility relative to the maximum amount of commitments at such time. For the three and six months ended June 30, 2018, this non-use fee was $78,000 and $228,000, respectively. For the three and six months ended June 30, 2017, this non-use fee was $152,000 and $297,000, respectively.

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The Wells Facility also includes various financial and other covenants applicable to the Company and the Company s subsidiaries, in addition to those applicable to Hercules Funding II, including covenants relating to certain changes of control of the Company and Hercules Funding II. Among other things, these covenants also require the Company to maintain certain financial ratios, including a maximum debt to worth ratio, minimum interest coverage ratio, minimum portfolio funding liquidity, and a minimum tangible net worth in an amount, when added to outstanding subordinated indebtedness, that is in excess of $500.0 million plus 90% of the cumulative amount of equity raised after June 30, 2014.

As of June 30, 2018, the minimum tangible net worth covenant increased to $841.5 million as a result of the public offering of 18.2 million shares of common stock issued for a total gross proceeds of approximately $242.8 million under an At-The-Market (ATM) equity distribution agreement (the Prior Equity Distribution Agreement) with JMP Securities (JMP) through February 2017, and a new ATM equity distribution agreement in September 2017 (the Equity Distribution Agreement) with JMP for the issuance of 1.6 million shares for gross proceeds of $20.5 million during 2017, and the issuance of 9.5 million shares for gross proceeds of $116.1 million during the six months ended June 30, 2018. See Note 6 Stockholder s Equity.

The Wells Facility provides for customary events of default, including, without limitation, with respect to payment defaults, breach of representations and covenants, certain key person provisions, cross acceleration provisions to certain other debt, lien and judgment limitations, and bankruptcy.

On June 20, 2011, the Company paid $1.1 million in structuring fees in connection with the original Wells Facility. In connection with an amendment to the original Wells Facility in August 2014, the Company paid an additional $750,000 in structuring fees and in connection with the amendment in December 2015, the Company paid an additional $188,000 in structuring fees. These fees are being amortized through the end of the term of the Wells Facility.

The Company had aggregate draws of $75.7 million on the available facility during the six months ended June 30, 2018, offset by repayments of $75.7 million. The Company had aggregate draws of $8.5 million on the available facility during the six months ended June 30, 2017, offset by repayments of $13.5 million. There were no borrowings outstanding on the facility as of June 30, 2018 and December 31, 2017.

For the three and six months ended June 30, 2018 and 2017, the components of interest expense and related fees and cash paid for interest expense for the Wells Facility are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2018**	**2017**	**2018**	**2017**
Interest expense	$ 746	$	$ 746	$ 2
Amortization of debt issuance cost (loan fees)	44	106	89	213
Total interest expense and fees	$ 790	$ 106	$ 835	$ 215
Cash paid for interest expense	$ 478	$ 214	$ 478	$ 470

Union Bank Facility

On May 5, 2016, the Company, through a special purpose wholly owned subsidiary, Hercules Funding III LLC (Hercules Funding III), as borrower, entered into the credit facility (the Union Bank Facility) with MUFG Union Bank, as the arranger and administrative agent, and the lenders party to the Union Bank Facility from time to time. The Union Bank Facility replaced the company s credit facility (the Prior Union Bank Facility) entered into on August 14, 2014 (as amended and restated from time to time) with MUFG Union Bank, as the arranger and administrative agent, and the lenders party to the Prior Union Bank Facility from time to time. Any references to amounts related to the Union Bank Facility prior to May 5, 2016 were incurred and relate to the Prior Union Bank Facility.

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On July 18, 2016, the Company entered into the First Amendment to the Loan and Security Agreement, dated as of May 5, 2016 with MUFG Union Bank, N.A. The Amendment amends certain definitions relating to borrowings which accrue interest based on the London Interbank Offered Rate (LIBOR Loans) and (ii) the method(s) for calculating interest on and the paying of certain fees related to such LIBOR Loans.

The Union Bank Facility contains an accordion feature, in which the Company can increase the credit line up to an aggregate of $200.0 million, funded by additional lenders and with the agreement of MUFG Union Bank and subject to other customary conditions. There can be no assurances that additional lenders will join the Union Bank Facility to increase available borrowings. Borrowings under the Union Bank Facility generally bear interest at either (i) if such borrowing is a base rate loan, a base rate per annum equal to the federal funds rate plus 1.00%, LIBOR plus 1.00% or MUFG Union Bank s prime rate, in each case, plus a margin of 1.25% or (ii) if such borrowing is a LIBOR loan, a rate per annum equal to LIBOR plus 3.25%, and the Union Bank Facility generally has an advance rate of 50% against eligible debt investments. The Union Bank Facility is secured by all of the assets of Hercules Funding III.

The Company paid a one-time $562,500 structuring fee in connection with the Union Bank Facility. The Union Bank Facility requires payment of a non-use fee during the revolving credit availability period on a scale of 0.25% to 0.50% depending on the average monthly outstanding balance under the facility relative to the maximum amount of commitments at such time. For the three and six months ended June 30, 2018, the company incurred non-use fees of $50,000 and $143,000, respectively. For the three and six months ended June 30, 2017, the company incurred non-use fees under the Prior Union Bank Facility of $95,000 and $189,000, respectively.

The Union Bank Facility also includes various financial and other covenants applicable to the Company and its subsidiaries, in addition to those applicable to Hercules Funding III, including covenants relating to certain changes of control of the Company and Hercules Funding III. Among other things, these covenants also require the Company to maintain certain financial ratios, including a maximum debt to worth ratio, minimum interest coverage ratio, minimum portfolio funding liquidity, and a minimum tangible net worth in an amount that is in excess of $500.0 million plus 90% of the cumulative amount of equity raised after June 30, 2014.

On May 25, 2018, the Company entered into the Second Amendment (the Amendment) to the Union Bank Facility with MUFG Union Bank, N.A., as the arranger and administrative agent, and the lenders party thereto from time to time. The Amendment amends certain provisions of the Union Bank Facility to increase MUFG Union Bank s commitments thereunder from $75.0 million to $100.0 million.

As of June 30, 2018, the minimum tangible net worth covenant increased to $885.2 million as a result the public offering of 18.2 million shares of common stock issued for a total net proceeds of approximately $239.8 million under the Prior Equity Distribution Agreement through February 2017, and the issuance of 1.6 million shares for net proceeds of $20.0 million during 2017, and the issuance of 9.5 million shares for net proceeds of $112.6 million during the six months ended June 30, 2018. See Note 6 Stockholder s Equity.

The Union Bank Facility provides for customary events of default, including with respect to payment defaults, breach of representations and covenants, servicer defaults, certain key person provisions, cross default provisions to certain other debt, lien and judgment limitations, and bankruptcy.

The Union Bank Facility matures on May 5, 2020, unless terminated sooner in accordance with its terms.

In connection with the Union Bank Facility, the Company and Hercules Funding III also entered into the Sale Agreement, by and among Hercules Funding III, as borrower, the Company, as originator and servicer, and MUFG Union Bank, as agent. Under the Sale Agreement, the Company agrees to (i) sell or transfer certain loans to Hercules Funding III under the MUFG Union Bank Facility and (ii) act as servicer for the loans sold or transferred.

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The Company had aggregate draws of $75.0 million on the available facility during the six months ended June 30, 2018, offset by repayments of $16.7 million. The Company did not make any draws or repayments on the available facility during the six months ended June 30, 2017. At December 31, 2017, there were no borrowings outstanding on the Union Bank Facility.

For the three and six months ended June 30, 2018 and 2017, the components of interest expense and related fees and cash paid for interest expense for the previous and current Union Bank Facility are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2018**	**2017**	**2018**	**2017**
Interest expense	$ 565	$	$ 565	$
Amortization of debt issuance cost (loan fees)	78	112	152	224
Total interest expense and fees	$ 643	$ 112	$ 717	$ 224
Cash paid for interest expense	$ 281	$ 96	$ 281	$ 238

5. Income Taxes

The Company intends to operate so as to qualify to be subject to tax as a RIC under Subchapter M of the Code and, as such, will not be subject to U.S. federal income tax on the portion of taxable income (including gains) distributed as dividends for U.S. federal income tax purposes to stockholders. Taxable income includes the Company s taxable interest, dividend and fee income, reduced by certain deductions, as well as taxable net realized securities 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 such gains or losses are not included in taxable income until they are realized.

To qualify and be subject to tax as a RIC, the Company is required to meet certain income and asset diversification tests in addition to distributing dividends of an amount generally at least equal to 90% of its investment company taxable income, as defined by the Code and determined without regard to any deduction for distributions paid, to its stockholders. The amount to be paid out as a distribution 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 dividend distributions declared, however, a portion of the total amount of the Company s distributions for the fiscal year may be deemed a return of capital for tax purposes to the Company s stockholders.

During the three months ended June 30, 2018, the Company declared a distribution of $0.31 per share. The determination of the tax attributes of the Company s distributions is made annually as of the end of the Company s taxable year generally based upon its taxable income for the full taxable year and distributions paid for the full taxable 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 taxable year. If the Company had determined the tax attributes of our distributions taxable year-to-date as of June 30, 2018, 100% would be from our current and accumulated earnings and profits. However, there can be no certainty to stockholders that this determination is representative of what the actual tax attributes of the Company s 2018 distributions to stockholders will be.

As a RIC, the Company will be subject to a 4% nondeductible U.S. federal excise tax on certain undistributed income unless the Company makes distributions treated as dividends for U.S. federal income tax purposes in a timely manner to its stockholders in respect of each calendar year of an amount at least equal to the sum of (1) 98% of the Company s ordinary income (taking into account certain deferrals and elections) for each calendar year, (2) 98.2% of the Company s capital gain net income (adjusted for certain ordinary losses) for the 1-year period ending October 31 of each such calendar year and (3) any ordinary income and capital gain net income realized, but not distributed, in preceding calendar years (the Excise Tax Avoidance Requirement). The Company will not be subject to this excise tax on any amount on which the Company incurred U.S. federal corporate income tax (such as the tax imposed on a RIC s retained net capital gains).

Depending on the level of taxable income earned in a taxable year, the Company may choose to carry over taxable income in excess of current taxable year distributions from such taxable income into the next taxable year and incur a 4% excise tax on such taxable income, as required. The maximum amount of excess taxable income that may be carried over for distribution in the next taxable year under the Code is the total amount of distributions paid in the following taxable year, subject to certain declaration and payment guidelines. To the extent the Company chooses to carry over taxable income into the next taxable year, distributions declared and paid by the Company in a taxable year may differ from the Company s taxable income for that taxable year as such distributions may include the distribution of current taxable year taxable income, the distribution of prior taxable year taxable income carried over into and distributed in the current taxable year, or returns of capital.

The Company has taxable subsidiaries which hold certain portfolio investments in an effort to limit potential legal liability and/or comply with source-income type requirements contained in the RIC tax provisions of the Code. These taxable subsidiaries are consolidated for U.S. GAAP and the portfolio investments held by the taxable subsidiaries are included in the Company s consolidated financial statements, and are recorded at fair value. These taxable subsidiaries are not consolidated with the Company for income tax purposes and may generate income tax expense, or benefit, and tax assets and liabilities as a result of their ownership of certain portfolio investments. Any income generated by these taxable subsidiaries generally would be subject to tax at normal corporate tax rates based on its taxable income.

Taxable income for the six months ended June 30, 2018 was approximately $51.0 million or $0.59 per share. Taxable net realized gains for the same period were $4.2 million or approximately $0.05 per share. Taxable income for the six months ended June 30, 2017 was approximately $42.3 million or $0.52 per share. Taxable net realized losses for the same period were $1.2 million or approximately $0.01 per share.

For the six months ended June 30, 2018, the Company paid approximately $671,000 of tax expense and had no accrued but unpaid tax expense as of the balance sheet date. For the six months ended June 30, 2017, the Company paid approximately $1.0 million of tax expense and had no accrued but unpaid tax expense as of the balance sheet date.

The Company intends to distribute 100% of spillover earnings from ordinary income from the Company s taxable year ended December 31, 2017 to the Company s stockholders during 2018.

6. Stockholder s Equity

On August 16, 2013, the Company entered into the Prior Equity Distribution Agreement. On March 7, 2016, the Company renewed the Prior Equity Distribution Agreement and on December 21, 2016, we further amended the agreement to increase the total shares available under the program. The Prior Equity Distribution Agreement, as amended, provided that the Company may offer and sell up to 12.0 million shares of its common stock from time to time through JMP, as its sales agent.

On September 7, 2017, the Company terminated the Prior Equity Distribution Agreement and entered into the new Equity Distribution Agreement. As a result, the remaining shares that were available under the Prior Equity Distribution agreement are no longer available for issuance. The Equity Distribution Agreement provides that the

Company may offer and sell up to 12.0 million shares of its common stock from time to time through JMP, as its sales agent. Sales of the Company s common stock, if any, may be made in negotiated transactions or transactions that are deemed to be at the market, as defined in Rule 415 under the Securities Act, including sales made directly on the NYSE or similar securities exchange or sales made to or through a market maker other than on an exchange, at prices related to the prevailing market prices or at negotiated prices.

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During the three and six months ended June 30, 2018, the Company sold 2.1 million and 2.6 million shares of common stock for total accumulated net proceeds of approximately $25.4 million and $31.4 million, respectively, including $566,000 and $877,000 of offering expenses, respectively, under the Equity Distribution Agreement.

During the six months ended June 30, 2017, the Company sold 3.3 million shares of common stock under the Prior Equity Distribution Agreement for total accumulated net proceeds of approximately $46.9 million, including $532,000 of offering expenses. The Company did not sell any shares under the program during the three months ended June 30, 2017.

The Company generally uses net proceeds from these offerings to make investments, to repurchase or pay down liabilities and for general corporate purposes. As of June 30, 2018, approximately 7.8 million shares remain available for issuance and sale under the Equity Distribution Agreement. See Note 12 Subsequent Events.

On June 14, 2018, the Company closed its underwritten public offering of 6.9 million shares of common stock, including an over-allotment option to purchase an additional 900,000 shares of common stock (June 2018 Equity Offering). The offering generated net proceeds, before expenses, of $81.3 million, including the underwriting discount and commissions of $2.6 million.

The Company has issued stock options for common stock subject to future issuance, of which 573,038 and 590,525 were outstanding at June 30, 2018 and December 31, 2017, respectively.

7. Equity Incentive Plans

The Company and its stockholders 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.

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. On June 21, 2017, the 2006 Plan expired in accordance with its terms and no additional awards may be granted under the 2006 Plan.

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 the Company s outstanding voting securities.

During 2012, the Compensation Committee adopted a policy that provided for awards with different vesting schedules for short and long-term awards. All restricted stock grants under the 2004 Plan made prior to March 4, 2013 continue to vest on a monthly basis following their one year anniversary over the succeeding 36 months. Under the 2004 Plan, restricted stock awarded subsequent to March 3, 2013 vests subject to continued

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employment based on two 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. No restricted stock was granted pursuant to the 2004 Plan prior to 2009.

On December 29, 2016, the Company s Board of Directors approved an amendment and restatement of the 2004 Plan. The amended plan provides, in addition to the preexisting types of awards available for grant thereunder and among other things, (1) for the grant of restricted stock units; (2) for the deferral of the receipt of the shares of the Company s common stock underlying vested restricted stock units; (3) that grantees may receive up to 10% of the value of the tentative restricted stock unit grants proposed for any grantee in the form of an option to acquire shares of the Company s common stock; (4) that awards of restricted stock units may include performance vesting conditions; (5) that awards may require that all or a portion of the shares of the Company s common stock delivered in respect of any vested restricted stock unit award be subject to a specified post-delivery holding period; and (6) that restricted stock unit awards may accrue dividend equivalents in respect of the Company s common stock underlying any restricted stock unit award payable in the form of cash or additional shares of the Company s common stock to the extent, and in respect of, any vested restricted stock units.

On May 2, 2018, the Company granted long-term Retention Performance Stock Unit awards (the Retention PSUs) and separate cash bonus awards with similar terms (the Cash Awards) to senior personnel under its 2004 Equity Incentive Plan. The awards are designed to provide incentives that increase along with the total shareholder return (TSR). The target number of Retention PSUs granted to senior personnel is 1,299,757 in the aggregate. The target amount of the Cash Awards granted to senior personnel is $4,000,000 in the aggregate.

The Retention PSUs and Cash Awards do not vest until the fourth anniversary cliff vest of the grant date (or a change in control of the Company, if earlier) and the Retention PSUs must generally be held and not disposed of until the fifth anniversary of the grant date, except in the event of death, disability or a change in control (the Performance Period). No Retention PSUs or Cash Awards will vest if the Company s TSR relative to certain specified publicly traded business development companies (BDCs) is not at or above the 25th percentile level of such BDCs. 50% of the target Cash Award and target number of Retention PSUs will vest if the Company s TSR performance relative to such BDCs is at the 25th percentile level. 100% of the target Cash Award and target number of Retention PSUs will vest if the Company s TSR performance relative to such BDCs is at the 50th percentile level. 200% of the target Cash Award and target number of Retention PSUs will vest if the Company s TSR performance relative to such BDCs is at the 90th percentile level. If the Company s TSR performance is between the 25th percentile and the 50th percentile, or between the 50th percentile and the 90th percentile, of such BDCs, the amount of the Cash Awards vested and payable and the number of vested and payable Retention PSUs will be determined by linear interpolation between the foregoing metrics. Dividend equivalents will accrue in respect only of the Retention PSUs in the form of additional Retention PSUs, but will not be paid unless the Retention PSUs to which such dividend equivalents relate actually vest. The Cash Awards are not eligible to accrue dividend equivalents.

The Company follows ASC Topic 718 (Compensation Stock Compensation) to account for the Retention PSUs and Cash Awards granted. Under ASC Topic 718, compensation cost associated with Retention PSUs is measured at the grant date based on the fair value of the award and is recognized over the Performance Period. As the Cash Awards are settled in cash, the award is expensed as a liability, and will be re-measured at each reporting period until the Performance Period is complete. The compensation expense for these awards is based on the per unit grant date valuation using a Monte-Carlo simulation multiplied by the target payout level. The payout level is calculated based the Company s TSR relative to specified BDCs during the performance period.

As of June 30, 2018, all of Retention PSUs and Cash Awards were unvested. During the three and six months ended June 30, 2018, the Company had approximately $751,000 of compensation expense related to the

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Retention PSUs and $143,000 of compensation expense related to the Cash Awards. The expense related to the Cash Awards is included within the Consolidated Statement of Assets and Liabilities.

On May 13, 2018, the Company s Board of Directors further amended and restated the 2004 Plan and renamed it the Hercules Capital, Inc. Amended and Restated 2018 Equity Incentive Plan (the 2018 Equity Incentive Plan). Under the 2004 Plan, prior to the amendment and restatement, the Company was authorized to issue 12.0 million shares of common stock. The 2018 Equity Incentive Plan, among other things, increases the number of shares available for issuance to eligible participants by an additional 6,700,000 shares. Unless sooner terminated by the Board, the 2018 Equity Incentive Plan will terminate on the day before the tenth anniversary of the date the 2018 Equity Incentive Plan was initially adopted in 2018 by the Board. On May 13, 2018, the Company s Board of Directors adopted the Hercules Capital, Inc. 2018 Non-employee Director Plan (the Director Plan). The Director Plan provides equity compensation in the form of restricted stock to the Company s non-employee directors. Subject to certain adjustments, the maximum aggregate number of shares of stock that may be authorized for issuance as restricted stock awards granted under the Director Plan is 300,000 shares. Unless sooner terminated by the Board, the Director Plan will terminate on the day before the tenth anniversary of the date the Director Plan was initially adopted in 2018 by the Board. The 2018 Equity Incentive Plan and the Director Plan were each approved by stockholders on June 28, 2018. For further information, please see our Proxy Statement filed with the SEC on May 29, 2018 in connection with our 2018 Annual Meeting of Stockholders. Additionally, on May 29, 2018, the Company filed an exemptive application with the SEC with respect to the 2018 Equity Incentive Plan and the Director Plan for an exemptive order from certain provisions of the 1940 Act. If granted by the SEC, the exemptive order would allow the Company to issue restricted stock to non-employee directors under the Director Plan and restricted stock and restricted stock units to certain of its employees, officers, and directors (excluding non-employee directors) under the 2018 Equity Incentive Plan. Similar to an exemptive order previously received by the Company with respect to Plans, the exemptive order would also (i) allow participants in the Director Plan and the 2018 Equity Incentive Plan 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) and (ii) permit the holders of restricted stock to elect to have the Company withhold shares of the Company s stock to pay the applicable taxes due on restricted stock at the time of vesting. Each individual would be able to make a cash payment at the time of option exercise or to pay taxes on restricted stock. The Company may not make awards under the Director Plan or the 2018 Equity Incentive Plan unless and until the Company receives the exemptive order from the SEC.

The following table summarizes the common stock option activities for the six months ended June 30, 2018 and 2017:

	Six Months Ended June 30,			
	2018		2017	
	Common Stock Options	**Weighted Average Exercise Price**	**Common Stock Options**	**Weighted Average Exercise Price**
Outstanding at December 31,	590,525	$ 13.60	668,171	$ 13.73
Granted	78,000	$ 12.48	76,000	$ 14.69
Exercised	(38,319)	$ 11.31	(26,657)	$ 11.24
Forfeited	(26,073)	$ 13.00	(33,058)	$ 14.03
Expired	(31,095)	$ 14.43	(42,445)	$ 15.43

Outstanding at June 30,	573,038	$	13.58		642,011	$	13.82	
Shares Expected to Vest at June 30,	198,300	$	13.58		259,343	$	13.82	

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The following table summarizes common stock options outstanding and exercisable at June 30, 2018:

(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
$9.25 - $14.56	360,038	5.45	$ 194,830	$ 12.44	173,962	4.49	$ 150,951	$ 12.09
$14.86 - $16.34	213,000	3.52		$ 15.51	200,776	3.38		$ 15.54
$9.25 - $16.34	573,038	4.73	$ 194,830	$ 13.58	374,738	3.89	$ 150,951	$ 13.94

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 June 30, 2018 options for 374,738 shares were exercisable at a weighted average exercise price of approximately $13.94 per share with a weighted average remaining contractual term of 3.89 years.

The Company determined that the fair value of options granted under the Plans during the six months ended June 30, 2018 and 2017 was approximately $44,000 and $54,000, respectively. During the six months ended June 30, 2018 and 2017, approximately $28,000 and $39,000 of share-based cost due to stock option grants was expensed, respectively. As of June 30, 2018, there was approximately $102,000 of total unrecognized compensation costs related to stock options. These costs are expected to be recognized over a weighted average remaining vesting period of 2.13 years.

The Company follows ASC Topic 718 (Compensation Stock Compensation) to account for stock options granted. Under ASC Topic 718, 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. The fair value of options granted is based upon a Black Scholes option pricing model using the assumptions in the following table for the six months ended June 30, 2018 and 2017:

	Six Months Ended June 30,	
	2018	2017
Expected Volatility	21.19%	23.07%
Expected Dividends	10%	10%
Expected term (in years)	4.5	4.5
Risk-free rate	2.19% - 2.90%	1.62% - 2.02%

During the six months ended June 30, 2018 and 2017, the Company granted 334,995 shares and 10,111 shares, respectively, of restricted stock awards pursuant to the Plans. The Company determined that the fair value, based on grant date close price, of restricted stock awards granted under the Plans during the six months ended June 30, 2018 and 2017 was approximately $4.4 million and $150,000, respectively. As of June 30, 2018, there was approximately $4.8 million of total unrecognized compensation costs related to restricted stock awards. These costs are expected to be recognized over a weighted average remaining vesting period of 2.09 years.

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The following table summarizes the activities for the Company s unvested restricted stock awards for the six months ended June 30, 2018 and 2017:

	Six Months Ended June 30, 2018		Six Months Ended June 30, 2017	
	Restricted Stock Awards	Weighted Average Grant Date Fair Value	Restricted Stock Awards	Weighted Average Grant Date Fair Value
Unvested at December 31,	261,245	$ 12.43	799,558	$ 12.54
Granted	334,995	$ 13.04	10,111	$ 14.83
Vested	(125,735)	$ 12.73	(330,689)	$ 12.56
Forfeited	(3,085)	$ 11.70	(5,576)	$ 13.27
Unvested at June 30,	467,420	$ 12.79	473,404	$ 12.57

During the six months ended June 30, 2018, and 2017, the Company granted 411,689 shares and 600,461 shares of restricted stock units pursuant to the Plans based on the December 2016 amended terms. The Company determined that the fair value, based on grant date close price, of restricted stock units granted under the Plans during the six months ended June 30, 2018 and 2017, was approximately $5.4 million and $8.5 million respectively. As of June 30, 2018, there was approximately $8.5 million of total unrecognized compensation costs related to restricted stock units. These costs are expected to be recognized over a weighted average remaining vesting period of 2.08 years.

The following table summarizes the activities for the Company s unvested restricted stock units for the six months ended June 30, 2018:

	Six Months Ended June 30, 2018		Six Months Ended June 30, 2017	
	Restricted Stock Units	Weighted Average Grant Date Fair Value	Restricted Stock Units	Weighted Average Grant Date Fair Value
Unvested at December 31,	594,322	$ 12.99		$
Granted	411,689	$ 13.04	600,461	$ 13.94
Distribution Equivalent Unit Granted	39,617	$ 11.90	26,717	$ 13.60
Vested[(1)]	(251,194)	$ 12.70		$
Forfeited	(5,841)	$ 12.63	(2,874)	$ 13.92

Unvested at June 30,	788,593	$	12.43	624,304	$	13.60

(1) Pursuant to the December 29, 2016 amendment and restatement of the 2004 plan, receipt of the shares of the Company s common stock underlying vested restricted stock units will be deferred for 4 years from grant date unless certain conditions are met. As such, vested restricted stock units will not be issued as common stock upon vesting until the completion of the deferral period.

During the six months ended June 30, 2018, the Company expensed approximately $4.3 million of compensation expense related to restricted stock awards and restricted stock units. The Company had approximately $3.7 million in compensation expense related to restricted stock awards during the six months ended June 30, 2017.

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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)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Numerator				
Net increase in net assets resulting from operations	$ 52,060	$ 33,149	$ 58,006	$ 27,561
Less: Distributions declared-common and restricted shares	(26,678)	(25,663)	(53,097)	(51,330)
Undistributed earnings	25,382	7,486	4,909	(23,769)
Undistributed earnings-common shares	25,246	7,439	4,879	(23,769)
Add: Distributions declared-common shares	26,532	25,503	52,779	50,982
Numerator for basic and diluted change in net assets per common share	$ 51,778	$ 32,942	$ 57,658	$ 27,213
Denominator				
Basic weighted average common shares outstanding	87,125	82,292	85,868	81,858
Common shares issuable	74	103	71	95
Weighted average common shares outstanding assuming dilution	87,199	82,395	85,939	81,953
Change in net assets per common share				
Basic	$ 0.59	$ 0.40	$ 0.67	$ 0.33
Diluted	$ 0.59	$ 0.40	$ 0.67	$ 0.33

In the table above, unvested share-based payment awards that have non-forfeitable rights to distributions or distribution equivalents are treated as participating securities for calculating earnings per share. Unvested common stock options and restricted stock units are also considered for the purpose of calculating diluted earnings per share.

For the three and six months ended June 30, 2018 and 2017, the effect of the 2022 Convertible Notes under the treasury stock method is anti-dilutive and, accordingly, is excluded from the calculation of diluted earnings per share.

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 June 30, 2018, the number of anti-dilutive shares, as calculated based on the weighted average closing price of the Company s common stock for the periods, consisted of 4.6 million shares related to 2022 Convertible Notes, 74,845 shares of unvested common stock options, 803 shares of unvested restricted stock units, and 97,777 shares of unvested Retention PSUs. For the six months ended June 30, 2018, the number of anti-dilutive shares, as calculated based on the weighted average closing price of the Company s common stock for the periods, consisted of 4.5 million shares related to 2022 Convertible Notes, 74,006 shares of unvested common stock options, no shares of unvested restricted stock units, and 45,958 shares of unvested Retention PSUs. For the three and six months ended June 30, 2017, the number of anti-dilutive shares, as calculated based on the weighted average closing price of the Company s common stock for the periods, consisted of 2.7 million and 1.9 million shares related to 2022 Convertible Notes, 43,723 shares and 31,039 shares of unvested common stock options, and no shares of unvested restricted stock units, respectively.

At June 30, 2018 and December 31, 2017, the Company was authorized to issue 200.0 million shares of common stock with a par value of $0.001. Each share of common stock entitles the holder to one vote.

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9. Financial Highlights

Following is a schedule of financial highlights for the six months ended June 30, 2018 and 2017:

	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Per share data[1]:		
Net asset value at beginning of period	$ 9.96	$ 9.90
Net investment income	0.57	0.59
Net realized gain (loss) on investments	(0.16)	(0.03)
Net unrealized appreciation (depreciation) on investments	0.26	(0.22)
Total from investment operations	0.67	0.34
Net increase (decrease) in net assets from capital share transactions[1]	0.15	0.21
Distributions of net investment income[6]	(0.62)	(0.63)
Distributions of capital gains[6]		
Stock-based compensation expense included in investment income[2]	0.06	0.05
Net asset value at end of period	$ 10.22	$ 9.87
Ratios and supplemental data:		
Per share market value at end of period	$ 12.65	$ 13.24
Total return[3]	1.24%	(2.04%)
Shares outstanding at end of period	94,260	82,819
Weighted average number of common shares outstanding	85,868	81,858
Net assets at end of period	$ 963,697	$ 817,451
Ratio of total expense to average net assets[4]	11.59%	11.24%
Ratio of net investment income before investment gains and losses to average net assets[4]	11.45%	11.50%
Portfolio turnover rate[5]	28.31%	24.18%
Weighted average debt outstanding	$ 813,889	$ 707,323
Weighted average debt per common share	$ 9.48	$ 8.64

(1) All per share activity is calculated based on the weighted average shares outstanding for the relevant period, except net increase (decrease) in net assets from capital share transactions, which is based on the common shares outstanding as of the relevant balance sheet date.

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

(3) The total return for the six months ended June 30, 2018 and 2017 equals the change in the ending market value over the beginning of the period price per share plus distributions paid per share during the period, divided by the beginning price assuming the distribution is reinvested on the date of the distribution. As such, the total return is not annualized. The total return does not reflect any sales load that must be paid by investors.

(4) These ratios are calculated based on weighted average net assets for the relevant period and are annualized. The ratio of total expense to average net assets for the period ended June 30, 2017 was incorrectly computed. The ratio was revised from 7.63% as previously disclosed to 11.24% as adjusted.

(5) The portfolio turnover rate for the six months ended June 30, 2018 and 2017 equals the lesser of investment portfolio purchases or sales during the period, divided by the average investment portfolio value during the period. As such, portfolio turnover rate is not annualized.

(6) Includes distributions on unvested restricted stock awards.

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. A portion of these unfunded contractual commitments are dependent upon the portfolio company reaching certain milestones before the debt commitment becomes available. Furthermore, the Company s credit agreements contain customary lending provisions which allow the Company relief from funding obligations for previously made commitments in instances where the

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underlying company experiences materially adverse events that affect the financial condition or business outlook for the Company. Since a portion of these commitments may expire without being drawn, unfunded contractual commitments do not necessarily represent future cash requirements. As such, the Company s disclosure of unfunded contractual commitments includes only those which are available at the request of the portfolio company and unencumbered by milestones.

At June 30, 2018, the Company had approximately $129.7 million of unfunded commitments, including undrawn revolving facilities, which were available at the request of the portfolio company and unencumbered by milestones.

The Company also had approximately $80.0 million of non-binding term sheets outstanding at June 30, 2018. Non-binding outstanding term sheets are subject to completion of the Company s due diligence and final investment committee approval process, as well as the negotiation of definitive documentation with the prospective portfolio companies. These non-binding term sheets generally convert to contractual commitments in approximately 90 days from signing. Not all non-binding term sheets are expected to close and do not necessarily represent future cash requirements.

The fair value of the Company s unfunded commitments is considered to be immaterial as the yield determined at the time of underwriting is expected to be materially consistent with the yield upon funding, given that interest rates are generally pegged to market indices and given the existence of milestones, conditions and/or obligations imbedded in the borrowing agreements.

As of June 30, 2018, the Company s unfunded contractual commitments available at the request of the portfolio company, including undrawn revolving facilities, and unencumbered by milestones are as follows:

(in thousands)

Portfolio Company	**Unfunded Commitments[1]**
ThumbTack, Inc.	$ 25,000
Tricida, Inc.	25,000
Contentful, Inc.	15,000
Impossible Foods, Inc.	15,000
Chemocentryx, Inc.	10,000
Proterra, Inc.	10,000
Evernote Corporation	7,500
Businessolver.com, Inc.	6,375
Achronix Semiconductor Corporation	5,000
Xometry, Inc.	4,000
Emma, Inc.	2,963
First Insight, Inc.	1,500
Lithium Technologies, Inc.	878
Greenphire, Inc.	500
Insurance Technologies Corporation	500
Salsa Labs, Inc.	500

Total	$	129,716

(1) Amount represents unfunded commitments, including undrawn revolving facilities, which are available at the request of the portfolio company. Amount excludes unfunded commitments which are unavailable due to the borrower having not met certain milestones.

Certain premises are leased or licensed under agreements which expire at various dates through June 2027. Total rent expense amounted to approximately $510,000 and $961,000 during the three and six months ended June 30, 2018. Total rent expense amounted to approximately $449,000 and $893,000 during the three and six months ended June 30, 2017.

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The Company s contractual obligations as of June 30, 2018 include:

	Payments due by period (in thousands)				
Contractual Obligations(1)	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Borrowings(2)(3)(5)	$ 818,121	$ 72,288	$ 97,073	$ 490,250	$ 158,510
Operating Lease Obligations(4)	16,655	2,352	5,614	5,868	2,821
Total	$ 834,776	$ 74,640	$ 102,687	$ 496,118	$ 161,331

(1) Excludes commitments to extend credit to the Company s portfolio companies.
(2) Includes $190.2 million in principal outstanding under the SBA debentures, $150.0 million of the 2022 Notes, $83.5 million of the 2024 Notes, $75.0 million of the 2025 Notes, $31.1 million of the 2021 Asset-Backed Notes, $230.0 million of the 2022 Convertible Notes and $58.3 million under the Union Credit Facility as of June 30, 2018.
(3) Amounts represent future principal repayments and not the carrying value of each liability. See Note 4 to the Company s consolidated financial statements.
(4) Facility leases and licenses.
(5) Reflects the Company s intention to repay the remaining outstanding debentures in HT II in Q3 2018. See Note 12 Subsequent Events.

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. Recent Accounting Pronouncements

In January 2016, the FASB issued Accounting Standards Update (ASU) 2016-01, Financial Instruments Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, which, among other things, requires that (i) all equity investments, other than equity-method investments, in unconsolidated entities generally be measured at fair value through earnings and (ii) an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. Additionally, the ASU changes the disclosure requirements for financial instruments. ASU 2016-01 is effective for annual reporting periods, and the interim periods within those periods, beginning after December 15, 2017. The Company has adopted this standard, which did not have a material impact, on its consolidated financial statements and related disclosures for the periods presented.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which, among other things, requires recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. Additionally, the ASU requires the classification of all cash payments on leases within operating activities in the Consolidated Statement of Cash Flows. ASU 2016-02 is effective for annual reporting periods, and the interim periods within those periods, beginning after December 15, 2018. Early adoption is permitted. The Company anticipates an increase in the recognition of right-of-use assets and lease liabilities, however, the Company does not believe that ASU 2016-02 will have a material impact on its consolidated financial statements and disclosures.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments, which addresses eight specific cash flow issues including, among other things, the classification of debt prepayment or debt extinguishment costs. ASU 2016-15 is effective for

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annual reporting periods, and the interim periods within those periods, beginning after December 15, 2017. The Company has adopted this standard, which did not have a material impact, on its consolidated financial statements and related disclosures for the periods presented.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230), which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The new guidance is effective for interim and annual periods beginning after December 15, 2017. The Company has adopted this standard, which did not have a material impact, on its consolidated financial statements and related disclosures for the periods presented.

In June 2018, the FASB issued ASU 2018-07, Compensation Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting . This amendment expands the scope of Topic 718, Compensation Stock Compensation (which currently only includes share-based payments to employees) to include share-based payments issued to nonemployees for goods or services. Consequently, the accounting for share-based payments to nonemployees and employees will be substantially aligned. ASU 2018-07 supersedes Subtopic 505-50, Equity Equity-Based Payments to Non-Employees and is effective for annual reporting periods, and the interim periods within those periods, beginning after December 15, 2018. The Company does not believe that ASU 2018-07 will have a material impact on its consolidated financial statements and disclosures.

12. Subsequent Events

Distribution Declaration

On July 25, 2018 the Board of Directors declared a cash distribution of $0.31 per share to be paid on August 20, 2018 to stockholders of record as of August 13, 2018. This distribution represents the Company s fifty-second consecutive distribution since the Company s IPO, bringing the total cumulative distribution to date to $14.64 per share.

ATM Equity Program Issuances

Subsequent to June 30, 2018 and as of July 30, 2018, the Company sold 1.6 million shares of common stock for total accumulated net proceeds of approximately $19.8 million, including $150,000 of offering expenses, under the Equity Distribution Agreement with JMP. As of July 30, 2018, approximately 6.2 million shares remain available for issuance and sale under the Equity Distribution Agreement.

Hercules Technology II Debentures Full Redemption

On July 13, 2018, the Company completed repayment of the $41.2 million of outstanding HT II debentures.

Wells Facility

On July 31, 2018, the Company entered into a further amendment to the Wells Facility to extend the maturity date and fully repay the pro-rata portion of outstanding balances of Alostar Bank of Commerce and Everbank Commercial Finance Inc., thereby resigning both as lenders and terminating their commitments thereunder.

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Portfolio Company Developments

As of July 30, 2018, the Company held warrants or equity positions in two companies that have filed registration statements on Form S-1 with the SEC in contemplation of potential initial public offerings. Both companies filed confidentially under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. There can be no assurance that companies that have yet to complete their initial public offerings will do so in a timely manner or at all. Subsequent to June 30, 2018 and as of July 30, 2018, there were no announced or completed liquidity events.

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Schedule 12-14

HERCULES CAPITAL, INC.

SCHEDULE OF INVESTMENTS IN AND ADVANCES TO AFFILIATES

For the Six Months Ended June 30, 2018

(in thousands)

Portfolio Company	Investment[1]	Amount of Interest Credited to Income[2]	Realized Gain (Loss)	As of December 31, 2017 Fair Value	Gross Additions[3]	Gross Reductions[4]	Net Change in Unrealized Appreciation/ (Depreciation)	As of June 30, 2018 Fair Value
Control Investments								
Majority Owned Control Investments								
Achilles Technology Management Co II, Inc.	Common Stock	$	$ (2,900)	$ 242	$	$ (3,100)	$ 2,858	$
Gibraltar Business Capital, LLC[8]	Senior Debt	501			9,809			9,809
	Preferred Stock				25,896			25,896
	Common Stock				1,884			1,884
Total Majority Owned Control Investments		$ 501	$ (2,900)	$ 242	$ 37,589	$ (3,100)	$ 2,858	$ 37,589
Other Control Investments								
Second Time Around (Simplify Holdings, LLC)[7]	Senior Debt	$	$ (1,743)	$	$	$ (1,781)	$ 1,781	$
Tectura Corporation[5]	Senior Debt	926	335	19,219	645	(335)	(402)	19,127
	Preferred Stock							
	Common Stock				900		(900)	
Total Other Control Investments		$ 926	$ (1,408)	$ 19,219	$ 1,545	$ (2,116)	$ 479	$ 19,127
Total Control Investments		$ 1,427	$ (4,308)	$ 19,461	$ 39,134	$ (5,216)	$ 3,337	$ 56,716

Affiliate Investments								
Optiscan BioMedical, Corp.	Preferred Warrants	$	$ (680)	$ 86	$	$ (680)	$ 827	$ 233
	Preferred Stock			6,205	1,301		(412)	7,094
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)(6)	Senior Debt	1,061		13,604	364	(3,500)	(86)	10,382
	Common Stock			11,400			(404)	10,996
Stion Corporation	Preferred Warrants		(1,378)			(1,378)	1,378	
Total Affiliate Investments		$ 1,061	$ (2,058)	$ 31,295	$ 1,665	$ (5,558)	$ 1,303	$ 28,705
Total Control and Affiliate Investments		$ 2,488	$ (6,366)	$ 50,756	$ 40,799	$ (10,774)	$ 4,640	$ 85,421

(1) Stock and warrants are generally non-income producing and restricted.

(2) Represents the total amount of interest or dividends credited to income for the period 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.

(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 previously recognized depreciation on investments that become control or affiliate investments during the period.

(5) As of March 31, 2017, the Company s investment in Tectura Corporation became classified as a control investment as of result of obtaining more than 50% representation on the portfolio company s board. In May 2018, the Company purchased common shares, thereby obtaining greater than 25% of voting securities of Tectura as of June 30, 2018.

(6) As of September 30, 2017, the Company s investment in Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) became classified as an affiliate investment due to a reduction in equity ownership. Note that this investment was classified as a control investment as of June 30, 2017 after the Company obtained a controlling financial interest.

(7) As of February 2018, the Company s investments in Second Time Around (Simplify Holdings, LLC) were deemed wholly worthless and written off for a realized loss.

(8) As of March 31, 2018, the Company s investment in Gibraltar Business Capital, LLC became classified as a control investment as a result of obtaining a controlling financial interest

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Schedule 12-14

HERCULES CAPITAL, INC.

SCHEDULE OF INVESTMENTS IN AND ADVANCES TO AFFILIATES

As of June 30, 2018

(in thousands)

rtfolio Company	Industry	Type of Investment[1]	Maturity Date	Interest Rate and Floor	Principal or Shares	Cost	Value
ntrol Investments							
jority Owned Control Investments							
braltar Business pital, LLC	Diversified Financial Services	Unsecured Debt	March 2023	Interest rate FIXED 14.50%	$ 10,000	$ 9,809	$ 9,80
	Diversified Financial Services	Preferred Stock			10,602,752	25,896	25,89
	Diversified Financial Services	Common Stock			830,000	1,884	1,88
tal Gibraltar Business Capital, LLC						$ 37,589	$ 37,58
tal Majority Owned Control Investments (3.90%)*						$ 37,589	$ 37,58
her Control Investments							
ctura Corporation	Internet Consumer & Business Services	Senior Secured Debt	June 2021	Interest rate FIXED 6.00%, PIK Interest 3.00%	$ 20,608	20,608	19,12
	Internet Consumer & Business Services	Senior Secured Debt	June 2021	PIK Interest 8.00%	$ 10,680	240	
	Internet Consumer & Business Services	Preferred Series BB Equity			1,000,000		
	Internet Consumer & Business Services	Common Stock			414,994,863	900	
tal Tectura Corporation						21,748	19,12
tal Other Control Investments (1.98%)*						$ 21,748	$ 19,12
tal Control Investments (5.89%)*						**$ 59,337**	**$ 56,71**

filiate Investments								
tiscan oMedical, Corp.	Medical Devices & Equipment	Preferred Series B Equity				6,185,567	$ 3,000	$ 4
	Medical Devices & Equipment	Preferred Series C Equity				1,927,309	655	1
	Medical Devices & Equipment	Preferred Series D Equity				55,103,923	5,257	3,72
	Medical Devices & Equipment	Preferred Series E Equity				31,199,131	2,609	2,84
	Medical Devices & Equipment	Preferred Series E Warrants				7,442,491	572	22
tal Optiscan BioMedical, Corp.							12,093	7,32
lar Spectrum ldings LLC k.a. Sungevity, .)	Sustainable and Renewable Technology	Senior Secured Debt	August 2019	Interest rate PRIME + 8.70% or Floor rate of 12.95%, 4.50% Exit Fee	$	10,500	10,468	10,38
	Sustainable and Renewable Technology	Common Stock				288	61,502	10,99
tal Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)							$ 71,970	$ 21,37
tal Affiliate Investments (2.98%)*							**$ 84,063**	**$ 28,70**
tal Control and Affiliate Investments (8.86%)*							**$ 143,400**	**$ 85,42**

* Value as a percent of net assets

(1) Stock and warrants are generally non-income producing and restricted.

(2) All of the Company s control and affiliate investments are Level 3 investments valued using significant unobservable inputs.

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$750,000,000

Common Stock

Preferred Stock

Warrants

Subscription Rights

Debt Securities

This prospectus relates to the offer, from time to time, in one or more offerings or series, up to $750,000,000 of shares of our common stock, par value $0.001 per share, preferred stock, par value $0.001 per share, warrants representing rights to purchase shares of our common stock, preferred stock or debt securities, subscription rights or debt securities, which we refer to, collectively, as the securities. The preferred stock, debt securities, subscription rights and warrants offered hereby may be convertible or exchangeable into shares of our common stock. We may sell our securities through underwriters or dealers, at-the-market to or through a market maker into an existing trading market or otherwise directly to one or more purchasers, including existing stockholders in a rights offering, or through agents or through a combination of methods of sale, including auctions. The identities of such underwriters, dealers, market makers or agents, as the case may be, will be described in one or more supplements to this prospectus. The securities may be offered at prices and on terms to be described in one or more supplements to this prospectus.

In the event we offer common stock, the offering price per share will not be less than the net asset value per share of our common stock at the time we make the offering except (1) in connection with a rights offering to our existing stockholders, (2) with the consent of the holders of the majority of our voting securities and approval of our Board of Directors, or (3) under such circumstances as the Securities and Exchange Commission may permit. See Risk Factors for more information.

We are a specialty finance company focused on providing senior secured loans to high-growth, innovative venture capital-backed companies in a variety of technology, life sciences and sustainable and renewable technology industries. We primarily finance privately-held companies backed by leading venture capital and private equity firms and publicly-traded companies that lack access to public capital or are sensitive to equity ownership dilution. We source our investments through our principal office located in Palo Alto, CA, as well as through additional offices in Boston, MA, New York, NY, Washington, DC, Hartford, CT and San Diego, CA. Our goal is to be the leading structured debt financing provider for venture capital-backed companies in technology-related industries requiring sophisticated and customized financing solutions. We invest primarily in structured debt with warrants and, to a lesser extent, in senior debt and equity investments. We use the term structured debt with warrants to refer to any debt investment, such as a senior or subordinated secured loan, that is coupled with an equity component, including warrants, options or other rights to purchase common or preferred stock. Our structured debt with warrants investments typically are secured by some or all of the assets of the portfolio company. We invest primarily in private companies but also have investments in public companies.

Our investment objective is to maximize our portfolio total return by generating current income from our debt investments and capital appreciation from our warrant and equity-related investments. We are an internally-managed, non-diversified closed-end investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940, as amended.

Our common stock is traded on the New York Stock Exchange, or NYSE, under the symbol HTGC. On May 29, 2018, the last reported sale price of a share of our common stock on the NYSE, was $12.40. The net asset value per share of our common stock at March 31, 2018 (the last date prior to the date of this prospectus on which we determined net asset value) was $9.72.

An investment in our securities may be speculative and involves risks including a heightened risk of total loss of investment. In addition, the companies in which we invest are subject to special risks. See Risk Factors beginning on page 14 to read about risks that you should consider before investing in our securities, including the risk of leverage.

Please read this prospectus before investing and keep it for future reference. It contains important information about us that a prospective investor ought to know before investing in our securities. We file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission. The information is available free of charge by contacting us at 400 Hamilton Avenue, Suite 310, Palo Alto, California 94301 or by telephone calling collect at (650) 289-3060 or on our website at www.htgc.com. The SEC also maintains a website at www.sec.gov that contains such information.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus may not be used to consummate sales of any securities unless accompanied by a prospectus supplement.

The date of this prospectus is June 5, 2018

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You should rely only on the information contained in this prospectus. We have not authorized any dealer, salesperson or other person to provide you with different information or to make representations as to matters not stated in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus is not an offer to sell, or a solicitation of an offer to buy, any securities by any person in any jurisdiction where it is unlawful for that person to make such an offer or solicitation or to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation. The information in this prospectus is accurate only as of its date, and under no circumstances should the delivery of this prospectus or the sale of any securities imply that the information in this prospectus is accurate as of any later date or that the affairs of Hercules Capital, Inc. have not changed since the date hereof. This prospectus will be updated to reflect material changes.

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Hercules Capital, Inc., our logo and other trademarks of Hercules Capital, Inc. mentioned in this prospectus are the property of Hercules Capital, Inc. All other trademarks or trade names referred to in this prospectus are the property of their respective owners.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission using the shelf registration process. Under the shelf registration process, which constitutes a delayed offering in reliance on Rule 415 under the Securities Act of 1933, as amended (the Securities Act), we may offer, from time to time, up to $750,000,000 of our common stock, preferred stock, warrants representing rights to purchase shares of our common stock, preferred stock or debt securities, subscription rights or debt securities on the terms to be determined at the time of the offering. We may sell our securities through underwriters or dealers, at-the-market to or through a market maker, into an existing trading market or otherwise directly to one or more purchasers, including existing stockholders in a rights offering, or through agents or through a combination of methods of sale. The identities of such underwriters, dealers, market makers or agents, as the case may be, will be described in one or more supplements to this prospectus. The securities may be offered at prices and on terms described in one or more supplements to this prospectus. This prospectus provides you with a general description of the securities that we may offer. Each time we use this prospectus to offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. Please carefully read this prospectus and any such supplements together with the additional information described under Available Information in the Summary and Risk Factors sections before you make an investment decision.

A prospectus supplement may also add to, update or change information contained in this prospectus.

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SUMMARY

This summary highlights some of the information in this prospectus and may not contain all of the information that is important to you. For a more complete understanding of this offering, we encourage you to read this entire prospectus and the documents that are referenced in this prospectus, together with any accompanying supplements. In this prospectus, unless the context otherwise requires, the Company, Hercules, HTGC, we, us and our refer to Hercules Capital, Inc. and its wholly owned subsidiaries and its affiliated securitization trusts on or after February 25, 2016 and Hercules Technology Growth Capital, Inc. and its wholly owned subsidiaries and its affiliated securitization trusts prior to February 25, 2016 unless the context otherwise requires.

Our Company

We are a specialty finance company focused on providing senior secured loans to high-growth, innovative venture capital-backed companies in a variety of technology, life sciences and sustainable and renewable technology industries. Our investment objective is to maximize our portfolio s total return by generating current income from our debt investments and capital appreciation from our warrant and equity-related investments. We are an internally-managed, non-diversified, closed-end investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940, as amended, or the 1940 Act. Effective January 1, 2006, we elected to be treated for tax purposes as a regulated investment company, or RIC, under the Internal Revenue Code of 1986, as amended, or the Code.

As of March 31, 2018, our total assets were approximately $1.6 billion, of which our investments comprised $1.5 billion at fair value and $1.6 billion at cost. Since inception through March 31, 2018, we have made debt and equity commitments of more than $7.6 billion to our portfolio companies.

We also make investments in qualifying small businesses through our two wholly-owned small business investment companies, or SBICs. Our SBIC subsidiaries, Hercules Technology II, L.P., or HT II, and Hercules Technology III, L.P., or HT III, hold approximately $113.1 million and $285.8 million in assets, respectively, and accounted for approximately 5.7% and 14.4% of our total assets, respectively, prior to consolidation at March 31, 2018. At March 31, 2018, we have issued $190.2 million in Small Business Administration, or SBA, guaranteed debentures in our SBIC subsidiaries. See Regulation Small Business Administration Regulations for additional information regarding our SBIC subsidiaries.

As of March 31, 2018, our investment professionals, including Manuel A. Henriquez, our co-founder, Chairman, President and Chief Executive Officer, are currently comprised of 33 professionals who have, on average, more than 15 years of experience in venture capital, structured finance, commercial lending or acquisition finance with the types of technology-related companies that we are targeting. We believe that we can leverage the experience and relationships of our management team to successfully identify attractive investment opportunities, underwrite prospective portfolio companies and structure customized financing solutions.

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The following chart shows the ownership structure and relationship of certain entities with us.

Our Market Opportunity

We believe that technology-related companies compete in one of the largest and most rapidly growing sectors of the U.S. economy and that continued growth is supported by ongoing innovation and performance improvements in technology products as well as the adoption of technology across virtually all industries in response to competitive pressures. We believe that an attractive market opportunity exists for a specialty finance company focused primarily on investments in structured debt with warrants in technology-related companies for the following reasons:

- technology-related companies have generally been underserved by traditional lending sources;
- unfulfilled demand exists for structured debt financing to technology-related companies due to the complexity of evaluating risk in these investments; and
- structured debt with warrants products are less dilutive and complement equity financing from venture capital and private equity funds.

Technology-Related Companies are Underserved by Traditional Lenders. We believe many viable technology-related companies backed by financial sponsors have been unable to obtain sufficient growth financing from traditional lenders, including financial services companies such as commercial banks and finance companies because traditional lenders have continued to consolidate and have adopted a more risk-averse approach to lending. More importantly, we believe traditional lenders are typically unable to underwrite the risk associated with these companies effectively.

The unique cash flow characteristics of many technology-related companies typically include significant research and development expenditures and high projected revenue growth thus often making such companies

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difficult to evaluate from a credit perspective. In addition, the balance sheets of these companies often include a disproportionately large amount of intellectual property assets, which can be difficult to value. Finally, the speed of innovation in technology and rapid shifts in consumer demand and market share add to the difficulty in evaluating technology-related companies.

Due to the difficulties described above, we believe traditional lenders generally refrain from entering the structured debt financing marketplace, instead preferring the risk-reward profile of asset-based lending. Traditional lenders generally do not have flexible product offerings that meet the needs of technology-related companies. The financing products offered by traditional lenders typically impose on borrowers many restrictive covenants and conditions, including limiting cash outflows and requiring a significant depository relationship to facilitate rapid liquidation.

Unfulfilled Demand for Structured Debt Financing to Technology-Related Companies. Private debt capital in the form of structured debt financing from specialty finance companies continues to be an important source of funding for technology-related companies. We believe that the level of demand for structured debt financing is a function of the level of annual venture equity investment activity.

We believe that demand for structured debt financing is currently underserved. The venture capital market for the technology-related companies in which we invest has been active. Therefore, to the extent we have capital available, we believe this is an opportune time to be active in the structured lending market for technology-related companies.

Structured Debt with Warrants Products Complement Equity Financing From Venture Capital and Private Equity Funds. We believe that technology-related companies and their financial sponsors will continue to view structured debt securities as an attractive source of capital because it augments the capital provided by venture capital and private equity funds. We believe that our structured debt with warrants products provide access to growth capital that otherwise may only be available through incremental investments by existing equity investors. As such, we provide portfolio companies and their financial sponsors with an opportunity to diversify their capital sources. Generally, we believe many technology-related companies at all stages of development target a portion of their capital to be debt in an attempt to achieve a higher valuation through internal growth. In addition, because financial sponsor-backed companies have reached a more mature stage prior to reaching a liquidity event, we believe our investments could provide the debt capital needed to grow or recapitalize during the extended period sometimes required prior to liquidity events.

Our Business Strategy

Our strategy to achieve our investment objective includes the following key elements:

Leverage the Experience and Industry Relationships of Our Management Team and Investment Professionals. We have assembled a team of experienced investment professionals with extensive experience as venture capitalists, commercial lenders, and originators of structured debt and equity investments in technology-related companies. Our investment professionals have, on average, more than 15 years of experience as equity investors in, and/or lenders to, technology-related companies. In addition, our team members have originated structured debt, debt with warrants and equity investments in over 420 technology-related companies, representing more than $7.6 billion in commitments from inception to March 31, 2018, and have developed a network of industry contacts with investors and other participants within the venture capital and private equity communities. In addition, members of our management team also have operational, research and development and finance experience with technology-related companies. We have established contacts with leading venture capital and private equity fund sponsors, public and private companies, research institutions and other industry participants, which we believe will enable us to identify and attract well-positioned prospective portfolio companies.

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We focus our investing activities generally in industries in which our investment professionals have investment experience. We believe that our focus on financing technology-related companies will enable us to leverage our expertise in structuring prospective investments, to assess the value of both tangible and intangible assets, to evaluate the business prospects and operating characteristics of technology-related companies and to identify and originate potentially attractive investments with these types of companies.

Mitigate Risk of Principal Loss and Build a Portfolio of Equity-Related Securities. We expect that our investments have the potential to produce attractive risk-adjusted returns through current income, in the form of interest and fee income, as well as capital appreciation from warrant and equity-related securities. We believe that we can mitigate the risk of loss on our debt investments through the combination of loan principal amortization, cash interest payments, relatively short maturities (typically between 24-48 months), security interests in the assets of our portfolio companies, and on select investment covenants requiring prospective portfolio companies to have certain amounts of available cash at the time of our investment and the continued support from a venture capital or private equity firm at the time we make our investment. Although we do not currently engage in hedging transactions, we may engage in hedging transactions in the future utilizing instruments such as forward contracts, currency options and interest rate swaps, caps, collars, and floors.

Historically our structured debt investments to technology-related companies typically include warrants or other equity interests, giving us the potential to realize equity-like returns on a portion of our investment. In addition, in some cases, we receive the right to make additional equity investments in our portfolio companies, including the right to convert some portion of our debt into equity, in connection with future equity financing rounds. We believe these equity interests will create the potential for meaningful long-term capital gains in connection with the future liquidity events of these technology-related companies.

Provide Customized Financing Complementary to Financial Sponsors Capital. We offer a broad range of investment structures and possess expertise and experience to effectively structure and price investments in technology-related companies. Unlike many of our competitors that only invest in companies that fit a specific set of investment parameters, we have the flexibility to structure our investments to suit the particular needs of our portfolio companies. We offer customized financing solutions ranging from senior debt, including below-investment grade debt instruments (also known as junk bonds), to equity capital, with a focus on structured debt with warrants.

We use our relationships in the financial sponsor community to originate investment opportunities. Because venture capital and private equity funds typically invest solely in the equity securities of their portfolio companies, we believe that our debt investments will be viewed as an attractive and complimentary source of capital, both by the portfolio company and by the portfolio company s financial sponsor. In addition, we believe that many venture capital and private equity fund sponsors encourage their portfolio companies to use debt financing for a portion of their capital needs as a means of potentially enhancing equity returns, minimizing equity dilution and increasing valuations prior to a subsequent equity financing round or a liquidity event.

Invest at Various Stages of Development. We provide growth capital to technology-related companies at all stages of development, including select publicly listed companies and select special opportunity lower middle market companies that require additional capital to fund acquisitions, recapitalizations and refinancings and established-stage companies. We believe that this provides us with a broader range of potential investment opportunities than those available to many of our competitors, who generally focus their investments on a particular stage in a company s development. Because of the flexible structure of our investments and the extensive experience of our investment professionals, we believe we are well positioned to take advantage of these investment opportunities at all stages of prospective portfolio companies development.

Benefit from Our Efficient Organizational Structure. We believe that the perpetual nature of our corporate structure enables us to be a long-term partner for our portfolio companies in contrast to traditional investment

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funds, which typically have a limited life. In addition, because of our access to the equity markets, we believe that we may benefit from a lower cost of capital than that available to private investment funds. We are not subject to requirements to return invested capital to investors nor do we have a finite investment horizon. Capital providers that are subject to such limitations are often required to seek a liquidity event more quickly than they otherwise might, which can result in a lower overall return on an investment.

Deal Sourcing Through Our Proprietary Database. We have developed a proprietary and comprehensive structured query language-based (SQL) database system to track various aspects of our investment process including sourcing, originations, transaction monitoring and post-investment performance. As of March 31, 2018, our proprietary SQL-based database system included approximately 48,810 technology-related companies and approximately 10,400 venture capital firms, private equity sponsors/investors, as well as various other industry contacts. This proprietary SQL system allows us to maintain, cultivate and grow our industry relationships while providing us with comprehensive details on companies in the technology-related industries and their financial sponsors.

Dividend Reinvestment Plan

We maintain 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. See Dividend Reinvestment Plan. Those stockholders whose shares are held by a broker or other financial intermediary may receive distributions in cash by notifying their broker or other financial intermediary of their election.

Taxation

Effective January 1, 2006, we elected to be treated for tax purposes as a RIC under the Code. As a RIC, we generally will not be subject to corporate-level federal income taxes on any ordinary income or capital gains that we distribute as dividends for U.S. federal income tax purposes to our stockholders, which allows us to reduce or eliminate our corporate level tax. See Certain United States Federal Income Tax Considerations. To maintain our ability to be subject to tax as a RIC, we must meet specified source-of-income and asset diversification requirements and distribute each taxable year dividends for U.S. federal income tax purposes of an amount generally at least equal to 90% of the sum of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, out of assets legally available for distribution. There is no assurance that we will meet these tests and be able to maintain our RIC status. If we do not qualify as a RIC, we would be subject to tax as a C corporation.

Assuming we continue to be treated as a RIC under the Code, distributions from our taxable earnings (including net realized securities gains) paid to our U.S. resident shareholders generally will be subject to U.S. federal income tax at rates applicable to ordinary income or capital gains, as appropriate, and all or a portion of such distributions paid to qualifying shareholders not resident in the U.S. (*i.e.*, foreign shareholders) generally would not be subject U.S. nonresident withholding tax. See Certain United States Federal Income Tax Considerations.

Use of Proceeds

We intend to use the net proceeds from selling our securities to fund investments in debt and equity securities in accordance with our investment objectives, to make acquisitions, to retire certain debt obligations and for other general corporate purposes. The supplement to this prospectus relating to an offering will more fully identify the use of proceeds from such offering.

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Leverage

We borrow funds to make additional investments, and we have granted, and may in the future grant, a security interest in our assets to a lender in connection with any such borrowings, including any borrowings by any of our subsidiaries. We use this practice, which is known as leverage, to attempt to increase returns to our common stockholders. However, leverage involves significant risks. See Risk Factors. With certain limited exceptions, we are only allowed to borrow amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% (or 150%, subject to certain approval and disclosure requirements) after such borrowing. We received an exemptive order from the Securities and Exchange Commission, or SEC, that allows us to exclude all SBA leverage from our asset coverage ratio. The amount of leverage that we employ will depend on our assessment of market and other factors at the time of any proposed borrowing. See Management s Discussion and Analysis of Financial Condition and Results of Operations Financial Condition, Liquidity, and Capital Resources for additional information related to our outstanding debt.

Distributions

As a RIC, we are required to distribute dividends for U.S. federal income tax purposes each taxable year to our stockholders of an amount at least equal to 90% of the sum of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. We are not subject to corporate level income taxation on income we timely distribute as dividends for U.S. federal income tax purposes to our stockholders. See Certain United States Federal Income Tax Considerations. We pay regular quarterly distributions based upon an estimate of annual taxable income available for distribution to stockholders as well as the amount of any taxable income carried over from the prior taxable year for distribution in the current taxable year.

Principal Risk Factors

Investing in our common stock may be speculative and involves certain risks relating to our structure and our investment objective that you should consider before deciding whether to invest. In addition, we expect that our portfolio will continue to consist primarily of securities issued by privately-held technology-related companies, which generally require additional capital to become profitable. These investments may involve a high degree of business and financial risk, and they are generally illiquid. Our portfolio companies typically will require additional outside capital beyond our investment in order to succeed or to fully repay the amounts owed to us. A large number of entities compete for the same kind of investment opportunities as we seek.

We borrow funds to make our investments in portfolio companies. As a result, we are exposed to the risks of leverage, which may be considered a speculative investment technique. Borrowings magnify the potential for gain and loss on amounts invested and, therefore increase the risks associated with investing in our common stock. Also, we are subject to certain risks associated with valuing our portfolio, changing interest rates, accessing additional capital, fluctuating quarterly results, and operating in a regulated environment. See Risk Factors for a discussion of factors you should carefully consider before deciding whether to invest in our securities.

Certain Anti-Takeover Provisions

Our charter and bylaws, as well as certain statutes and regulations, contain provisions that may have the effect of discouraging a third party from making an acquisition proposal for our company. This could delay or prevent a transaction that could give our stockholders the opportunity to realize a premium over the price for their securities.

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Recent Developments

Distribution Declaration

On April 25, 2018, our board of directors (the Board of Directors) declared a cash distribution of $0.31 per share to be paid on May 21, 2018 to stockholders of record as of May 14, 2018. This distribution represented our fifty-first consecutive distribution since our initial public offering, bringing the total cumulative distribution to date to $14.33 per share.

Closed and Pending Commitments

As of May 29, 2018, we have:

Closed debt and equity commitments of approximately $303.8 million to new and existing portfolio companies and funded approximately $219.2 million subsequent to March 31, 2018.

Pending commitments (signed non-binding term sheets) of approximately $155.0 million.

The table below summarizes our year-to-date closed and pending commitments as follows:

Closed Commitments and Pending Commitments (in millions)	
January 1 March 31, 2018 Closed Commitments	$ 266.0
April 1 May 29, 2018 Closed Commitments[a]	$ 303.8
Pending Commitments (as of May 29, 2018)[b]	$ 155.0
Closed and Pending Commitments as of May 29, 2018	$ 724.8

a. Closed Commitments may include renewals of existing credit facilities. Not all Closed Commitments result in future cash requirements. Commitments generally fund over the two succeeding quarters from close.
b. Not all pending commitments (signed non-binding term sheets) are expected to close and they do not necessarily represent any future cash requirements.

Redemption of 2024 Notes

On February 9, 2018, our Board of Directors approved a redemption of $100.0 million of our outstanding aggregate principal amount of 6.25% notes due 2024 (the 2024 Notes), which were redeemed on April 2, 2018.

ATM Equity Program Issuances

Subsequent to March 31, 2018 and as of May 29, 2018, we sold 1,542,000 shares of common stock for total accumulated net proceeds of approximately $18.8 million, including $171,000 of offering expenses, under the at-the-market, or ATM, equity distribution agreement, dated September 8, 2017, or the Equity Distribution Agreement, with JMP Securities LLC, or JMP. As of May 29, 2018, approximately 8.4 million shares remain available for issuance and sale under the Equity Distribution Agreement.

2025 Notes

On April 26, 2018, we issued $75.0 million in aggregate principal amount of 5.25% notes due 2025 (the 2025 Notes). The 2025 Notes were issued pursuant to the Fifth Supplemental Indenture, dated April 26, 2018 (the 2025 Notes Indenture), between us and U.S. Bank, National Association, as trustee, to the indenture, dated April 17, 2012, between us and U.S. Bank, National Association, as trustee (the Base Indenture). The sale of the 2025 Notes generated net proceeds of approximately $73.0 million. Aggregate estimated offering expenses in connection with the transaction, including the underwriter s discount and commissions, were approximately $2.0 million.

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The 2025 Notes will mature on April 30, 2025, unless previously repurchased in accordance with their terms. The 2025 Notes bear interest at a rate of 5.25% per year payable quarterly in arrears on January 30, April 30, July 30 and October 30 of each year, commencing on July 30, 2018.

The 2025 Notes will be our direct unsecured obligations and rank pari passu, or equally in right of payment, with all outstanding and future unsecured unsubordinated indebtedness issued by Hercules Capital, Inc.

We may redeem some or all of the 2025 Notes at any time, or from time to time, at the redemption price set forth under the terms of the indenture after April 30, 2021. No sinking fund is provided for the 2025 Notes. The 2025 Notes were issued in denominations of $25 and integral multiples of $25 thereof.

The 2025 Notes are listed on the NYSE, and trade on the NYSE under the symbol HCXZ.

Portfolio Company Developments

As of May 29, 2018, the Company held warrants or equity positions in three companies that have filed registration statements on Form S-1 with the SEC in contemplation of potential initial public offerings. All three companies filed confidentially under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. There can be no assurance that companies that have yet to complete their initial public offerings will do so in a timely manner or at all. In addition, subsequent to March 31, 2018, the following companies announced or completed liquidity events:

1. In April 2018, our portfolio company, DocuSign, Inc. completed its initial public offering.

2. In May 2018, our portfolio company RazorGator Inc., an online ticket reselling platform for sports, theater and concert tickets, and vacation packages for sporting events, was acquired by TickPick, an online ticket marketplace to buy, bid on and sell tickets on sports, concerts and other live events. Terms of the transaction were not disclosed.

3. In May 2018, our portfolio company FanDuel, a leading U.S. daily fantasy sports operator, announced they had entered into a definitive agreement with Paddy Power Betfair plc, an international, multi-channel sports betting and gaming operator, to combine Paddy Power s U.S. business (Betfair US) with FanDuel. Under the agreement, Paddy Power will contribute its existing U.S. assets along with $158.0 million of cash. The cash contribution will be used to pay down existing FanDuel debt and fund working capital of the combined business.

4. In May 2018, our portfolio company PerfectServe, Inc., healthcare s most comprehensive and secure care team collaboration platform, was acquired by K1 Investment Management LLC, a private equity firm investing in high-growth private companies across North America. Terms of the acquisition were not disclosed.

General Information

Our principal executive offices are located at 400 Hamilton Avenue, Suite 310, Palo Alto, California 94301, and our telephone number is (650) 289-3060. We also have offices in Boston, MA, New York, NY, Washington, DC, Hartford, CT and San Diego, CA. We maintain a website on the Internet at www.htgc.com. We make available, free of charge, on our website our proxy statement, annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider that information to be part of this prospectus.

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We file annual, quarterly and current periodic reports, proxy statements and other information with the SEC, under the Securities Exchange Act of 1934, as amended, or the Exchange Act. This information is available at the SEC s public reference room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information about the operation of the SEC s public reference room by calling the SEC at (202) 551-8090. In addition, the SEC maintains an Internet website, at www.sec.gov, that contains reports, proxy and information statements, and other information regarding issuers, including us, who file documents electronically with the SEC.

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FEES AND EXPENSES

The following table is intended to assist you in understanding the various costs and expenses that an investor in our common stock will bear directly or indirectly. However, we caution you that some of the percentages indicated in the table below are estimates and may vary. The footnotes to the fee table state which items are estimates. Except where the context suggests otherwise, whenever this prospectus contains a reference to fees or expenses paid by you or us or that we will pay fees or expenses, stockholders will indirectly bear such fees or expenses as investors in Hercules Capital, Inc.

Stockholder Transaction Expenses (as a percentage of the public offering price):	
Sales load (as a percentage of offering price)[1]	%
Offering expenses	%[2]
Dividend reinvestment plan fees	%[3]
Total stockholder transaction expenses (as a percentage of the public offering price)	%[4]
Annual Expenses (as a percentage of net assets attributable to common stock):[5]	
Operating expenses	5.68%[6][7]
Interest and fees paid in connection with borrowed funds	4.96%[8]
Total annual expenses	10.64%[9]

(1) In the event that our securities are sold to or through underwriters, a corresponding prospectus supplement to this prospectus will disclose the applicable sales load.

(2) In the event that we conduct an offering of our securities, a corresponding prospectus supplement to this prospectus will disclose the estimated offering expenses.

(3) The expenses associated with the administration of our dividend reinvestment plan are included in Operating expenses. We pay all brokerage commissions incurred with respect to open market purchases, if any, made by the administrator under the plan. For more details about the plan, see Dividend Reinvestment Plan.

(4) Total stockholder transaction expenses may include sales load and will be disclosed in a future prospectus supplement, if any.

(5) Net assets attributable to common stock equals the weighted average net assets for the three-months ended March 31, 2018, which is approximately $850.9 million.

(6) Operating expenses represents our estimated operating expenses by annualizing or actual operating expenses incurred for the three-months ended March 31, 2018, including all fees and expenses of our consolidated subsidiaries and excluding interests and fees on indebtedness. See Management s Discussion and Analysis of Financial Condition and Results of Operations and Management.

(7) We do not have an investment adviser and are internally managed by our executive officers under the supervision of our Board of Directors. As a result, we do not pay investment advisory fees, but instead we pay the operating

costs associated with employing investment management professionals.

(8) Interest and fees paid in connection with borrowed funds represents our estimated interest, fees and credit facility expenses by annualizing our actual interest, fees and credit facility expenses incurred for the three-months ended March 31, 2018, including our Wells Facility, Union Bank Facility, the 2022 Notes, the 2024 Notes, the 2022 Convertible Notes, the 2021 Asset-Backed Notes and the SBA debentures, each of which is defined herein.

(9) Total annual expenses is the sum of operating expenses, and interest and fees paid in connection with borrowed funds. Total annual expenses is presented as a percentage of weighted average net assets attributable to common stockholders because the holders of shares of our common stock (and not the holders of our debt securities or preferred stock, if any) bear all of our fees and expenses, including the fees and expenses of our wholly-owned consolidated subsidiaries, all of which are included in this fee table presentation.

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Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. These amounts are based upon our payment of annual operating expenses at the levels set forth in the table above and assume no additional leverage.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 common stock investment, assuming a 5% annual return	$ 103	$ 294	$ 464	$ 813

The example and the expenses in the tables above should not be considered a representation of our future expenses, and actual expenses may be greater or lesser than those shown. Moreover, while the example assumes, as required by the applicable rules of the SEC, a 5% annual return, our performance will vary and may result in a return greater or lesser than 5%. In addition, while the example assumes reinvestment of all distributions at net asset value (NAV), participants in our dividend reinvestment plan may receive shares valued at the market price in effect at that time. This price may be at, above or below NAV. See Dividend Reinvestment Plan for additional information regarding our dividend reinvestment plan.

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SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations, Senior Securities and the consolidated financial statements and related notes included elsewhere herein. The selected balance sheet data as of the end of fiscal year 2017, 2016, 2015, 2014, and 2013 and the financial statement of operations data for fiscal years 2017, 2016, 2015, 2014, and 2013 has been derived from our audited financial statements, which have been audited by PricewaterhouseCoopers LLP, our independent registered public accounting firm, but not all of which are presented in this Form N-2. The historical data are not necessarily indicative of results to be expected for any future period. The selected financial and other data for the three-months ended March 31, 2018 and other quarterly financial information is derived from our unaudited financial statements, but in the opinion of management, reflects all adjustments (consisting only of normal recurring adjustments) that are necessary to present fairly the results of such interim periods. Interim results as of and for the three-months ended March 31, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018.

	For the Three-Months Ended March 31, (unaudited)		For the Year Ended December 31,				
(in thousands, except per share amounts)	**2018**	**2017**	**2017**	**2016**	**2015**	**2014**	**2013**
Investment income:							
Interest	$ 42,981	$ 42,861	$ 172,196	$ 158,727	$ 140,266	$ 126,618	$ 123,671
Fees	5,719	3,504	18,684	16,324	16,866	17,047	16,042
Total investment income	48,700	46,365	190,880	175,051	157,132	143,665	139,713
Operating expenses:							
Interest	9,386	9,607	37,857	32,016	30,834	28,041	30,334
Loan fees	1,175	2,838	8,728	5,042	6,055	5,919	4,807
General and administrative:							
Legal expenses	576	726	4,572	4,823	3,079	1,366	1,440
Other expenses	3,433	3,338	11,533	11,283	13,579	8,843	7,914
Total general and administrative	4,009	4,064	16,105	16,106	16,658	10,209	9,354
Employee Compensation:							
Compensation and benefits	5,758	5,345	24,555	22,500	20,713	16,604	16,179
Stock-based compensation	2,309	1,833	7,191	7,043	9,370	9,561	5,974
Total employee compensation	8,067	7,178	31,746	29,543	30,083	26,165	22,153
Total operating expenses	22,637	23,687	94,436	82,707	83,630	70,334	66,648
Other income (loss)				8,000	(1)	(1,581)	
Net investment income	26,063	22,678	96,444	100,344	73,501	71,750	73,065
Net realized gain (loss) on investments	(4,920)	3,237	(26,711)	4,576	5,147	20,112	14,836

Net change in unrealized appreciation (depreciation) on investments	(15,197)	(31,503)	9,265	(36,217)	(35,732)	(20,674)	11,545
Total net realized and unrealized gain (loss)	(20,117)	(28,266)	(17,446)	(31,641)	(30,585)	(562)	26,381
Net increase (decrease) in net assets resulting from operations	$ 5,946	$ (5,588)	$ 78,998	$ 68,703	$ 42,916	$ 71,188	$ 99,446
Change in net assets per common share (basic)	$ 0.07	$ (0.07)	$ 0.95	$ 0.91	$ 0.60	$ 1.12	$ 1.67
Distributions declared per common share:	$ 0.31	$ 0.31	$ 1.24	$ 1.24	$ 1.24	$ 1.24	$ 1.11

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	For the Three- Months Ended March 31, (unaudited)		For the Year Ended December 31,				
nds, except per share amounts)	**2018**	**2017**	**2017**	**2016**	**2015**	**2014**	**2**
heet data:							
ts, at value	$ 1,483,578	$ 1,406,267	$ 1,542,214	$ 1,423,942	$ 1,200,638	$ 1,020,737	$ 9
cash equivalents	118,228	148,140	91,309	13,044	95,196	227,116	2
ts	1,619,712	1,586,248	1,654,715	1,464,204	1,334,761	1,299,223	1,2
lities	790,981	778,352	813,748	676,260	617,627	640,359	5
ssets	828,731	807,896	840,967	787,944	717,134	658,864	6
ta:							
rn(3)	(5.44%)	9.47%	1.47%	26.87%	(9.70%)	(1.75%)	
investments, at value	1,336,326	1,311,925	1,415,984	1,328,803	1,110,209	923,906	8
ant investments, at value	33,253	32,011	36,869	27,485	22,987	25,098	
ty investments, at value	113,999	62,331	89,361	67,654	67,442	71,733	
Commitments(2)	51,878	75,865	73,604	59,683	75,402	147,689	
value per share(1)	$ 9.72	$ 9.76	$ 9.96	$ 9.90	$ 9.94	$ 10.18	$

(1) Based on common shares outstanding at period end.
(2) Amount represents unfunded commitments, including undrawn revolving facilities, which are available at the request of the portfolio company. Amount excludes unfunded commitments which are unavailable due to the borrower having not met certain milestones.
(3) The total return equals the change in the ending market value over the beginning of the period price per share plus distributions paid per share during the period, divided by the beginning price assuming the distribution is reinvested on the date of the issuance. The total return does not reflect any sales load that must be paid by investors.

The following tables set forth certain quarterly financial information for each of the eight quarters up to and ending December 31, 2017 and the quarter ending March 31, 2018. 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 future quarter.

(in thousands, except per share data)	**Quarter Ended March 31, 2018**
Total investment income	$ 48,700
Net investment income	26,063
Net increase (decrease) in net assets resulting from operations	5,946
Change in net assets resulting from operations per common share (basic)	$ 0.07

	Quarter Ended			
(in thousands, except per share data)	**March 31, 2017**	**June 30, 2017**	**September 30, 2017**	**December 31, 2017**

Total investment income	$ 46,365	$ 48,452	$ 45,865	$ 50,198
Net investment income	22,678	25,275	23,973	24,518
Net increase (decrease) in net assets resulting from operations	(5,588)	33,149	33,072	18,365
Change in net assets resulting from operations per common share (basic)	$ (0.07)	$ 0.40	$ 0.40	$ 0.22