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Hercules Capital, Inc.
Form 10-Q
November 03, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For The Quarterly Period Ended September 30, 2016

OR

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

Commission File Number: 814-00702

HERCULES CAPITAL, INC.

(Exact Name of Registrant as Specified in its Charter)

Maryland
(State or Jurisdiction of

Incorporation or Organization)

400 Hamilton Ave., Suite 310

Palo Alto, California

743113410
(IRS Employer

Identification No.)
94301

(Zip Code)

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(Address of Principal Executive Offices)

(650) 289-3060

(Registrant's Telephone Number, Including Area Code)

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

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

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

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

On October 31, 2016, there were 77,189,555 shares outstanding of the Registrant's common stock, \$0.001 par value.

HERCULES CAPITAL, INC.

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PART I: FINANCIAL INFORMATION

In this Quarterly Report, the “Company,” “Hercules,” “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.

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS
HERCULES CAPITAL, INC.

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(unaudited)

(dollars in thousands, except per share data)

	September 30, 2016	December 31, 2015
Assets		
Investments:		
Non-control/Non-affiliate investments (cost of \$1,352,633 and \$1,238,539, respectively)	\$ 1,309,696	\$ 1,192,652
Control investments (cost of \$22,285 and \$0, respectively)	4,991	—
Affiliate investments (cost of \$13,326 and \$13,742, respectively)	5,923	7,986
Total investments, at value (cost of \$1,388,244 and \$1,252,281, respectively)	1,320,610	1,200,638
Cash and cash equivalents	69,012	95,196
Restricted cash	8,980	9,191
Interest receivable	10,861	9,239
Other assets	9,961	9,720
Total assets	\$ 1,419,424	\$ 1,323,984
Liabilities		
Accounts payable and accrued liabilities	\$ 16,649	\$ 17,241
Long-Term Liabilities (Convertible Senior Notes), net (principal of \$0 and \$17,604) ⁽¹⁾	—	17,478
Wells Facility	—	50,000
2021 Asset-Backed Notes, net (principal of \$117,004 and \$129,300, respectively) ⁽¹⁾	115,531	126,995
2019 Notes, net (principal of \$110,364 and \$110,364, respectively) ⁽¹⁾	108,659	108,179
2024 Notes, net (principal of \$244,945 and \$103,000, respectively) ⁽¹⁾	237,663	100,128
Long-Term SBA Debentures, net (principal of \$190,200 and \$190,200, respectively) ⁽¹⁾	187,333	186,829
Total liabilities	\$ 665,835	\$ 606,850
Net assets consist of:		
Common stock, par value	77	73
Capital in excess of par value	802,521	752,244
Unrealized depreciation on investments ⁽²⁾	(68,880)	(52,808)
Accumulated realized gains on investments	31,420	27,993

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Distributions in excess of net investment income	(11,549)	(10,368)
Total net assets	\$753,589	\$717,134
Total liabilities and net assets	\$1,419,424	\$1,323,984
Shares of common stock outstanding (\$0.001 par value, 200,000,000 and 100,000,000 authorized, respectively)	76,400	72,118
Net asset value per share	\$9.86	\$9.94

- (1) The Company's SBA Debentures, 2019 Notes, 2024 Notes, 2021 Asset-Backed Notes, and Convertible Senior Notes, as each term is defined herein, are presented net of the associated debt issuance costs for each instrument. See "Note 2 – Summary of Significant Accounting Policies" and "Note 4 – Borrowings".
- (2) Amounts include \$1.2 million in net unrealized depreciation on other assets and accrued liabilities, including escrow receivables, estimated taxes payable and Citigroup warrant participation agreement liabilities as of September 30, 2016 and December 31, 2015.

See notes to consolidated financial statements.

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)	September 30, 2016	December 31, 2015
Assets		
Restricted Cash	\$ 8,980	\$ 9,191
Total investments, at value (cost of \$245,868 and \$258,748, respectively)	243,216	257,657
Total assets	\$ 252,196	\$ 266,848
Liabilities		
2021 Asset-Backed Notes, net (principal of \$117,004 and \$129,300, respectively) ⁽¹⁾	\$ 115,531	\$ 126,995
Total liabilities	\$ 115,531	\$ 126,995

(1) The Company’s 2021 Asset-Backed Notes are presented net of the associated debt issuance costs for each instrument. See “Note 2 – Summary of Significant Accounting Policies” and “Note 4 – Borrowings”. See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED STATEMENT OF OPERATIONS

(unaudited)

(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Investment income:				
Interest income				
Non-control/Non-affiliate investments	\$39,907	\$40,256	\$115,887	\$105,861
Control investments	15	—	15	—
Affiliate investments	30	83	145	278
Total interest income	39,952	40,339	116,047	106,139
Fees				
Non-control/Non-affiliate investments	5,149	6,793	11,531	11,611
Control investments	1	—	1	—
Affiliate investments	—	—	—	1
Total fees	5,150	6,793	11,532	11,612
Total investment income	45,102	47,132	127,579	117,751
Operating expenses:				
Interest	8,717	7,818	23,306	23,243
Loan fees	1,432	1,072	3,698	4,166
General and administrative	4,114	4,504	12,095	12,190
Employee compensation:				
Compensation and benefits	5,621	7,969	15,637	17,621
Stock-based compensation	1,442	2,179	5,616	7,166
Total employee compensation	7,063	10,148	21,253	24,787
Total operating expenses	21,326	23,542	60,352	64,386
Loss on debt extinguishment (Long-Term Liabilities - Convertible Senior Notes)	—	—	—	(1)
Net investment income	23,776	23,590	67,227	53,364
Net realized gain on investments				
Non-control/Non-affiliate investments	7,870	6,366	3,427	8,424
Total net realized gain on investments	7,870	6,366	3,427	8,424
Net change in unrealized appreciation (depreciation) on investments				
Non-control/Non-affiliate investments	(1,387)	(25,032)	(11,005)	(34,585)
Control investments	—	—	(3,421)	—
Affiliate investments	553	(849)	(1,646)	1,543
Total net unrealized depreciation on investments	(834)	(25,881)	(16,072)	(33,042)
Total net realized and unrealized gain (loss)	7,036	(19,515)	(12,645)	(24,618)
Net increase in net assets resulting from operations	\$30,812	\$4,075	\$54,582	\$28,746

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Net investment income before investment gains and losses per common share:				
Basic	\$0.32	\$0.33	\$0.91	\$0.76
Change in net assets resulting from operations per common share:				
Basic	\$0.41	\$0.05	\$0.74	\$0.40
Diluted	\$0.41	\$0.05	\$0.74	\$0.40
Weighted average shares outstanding				
Basic	74,122	71,462	72,685	68,897
Diluted	74,157	71,496	72,702	69,123
Dividend distributions declared per common share:				
Basic	\$0.31	\$0.31	\$0.93	\$0.93

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 Shares	Stock Par Value	Capital in excess of par value	Unrealized Appreciation (Depreciation on Investments)	Accumulated Realized Gains (Losses) on Investments	Undistributed Net Investment Income/ (Distributions in Excess of Investment Income)	Provision for Income Taxes on Investment Gains	Net Assets
Balance at December 31, 2014	64,715	\$ 65	\$ 657,233	\$ (17,076)	\$ 14,079	\$ 4,905	\$ (342)	\$ 658,864
Net increase (decrease) in net assets resulting from operations	—	—	—	(33,042)	8,424	53,364	—	28,746
Public offering, net of offering expenses	7,591	8	100,084	—	—	—	—	100,092
Issuance of common stock due to stock option exercises	51	—	428	—	—	—	—	428
Retired shares from net issuance	(29)	—	(423)	—	—	—	—	(423)
Issuance of common stock under restricted stock plan	676	1	(1)	—	—	—	—	—
Retired shares for restricted stock vesting	(595)	(1)	(3,997)	—	—	—	—	(3,998)
Issuance of common stock as stock dividend	123	—	1,589	—	—	—	—	1,589
Dividend distributions	—	—	—	—	—	(65,238)	—	(65,238)
Stock-based compensation ⁽¹⁾	—	—	7,231	—	—	—	—	7,231
Balance at September 30, 2015	72,109	\$ 73	\$ 757,646	\$ (50,118)	\$ 22,503	\$ (6,969)	\$ (342)	\$ 722,793
Balance at December 31, 2015	72,118	\$ 73	\$ 752,244	\$ (52,808)	\$ 27,993	\$ (10,026)	\$ (342)	\$ 717,134
Net increase (decrease) in net assets resulting from operations	—	—	—	(16,072)	3,427	67,227	—	54,582

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Public offering, net of offering expenses	4,273	4	50,173	—	—	—	—	50,177
Acquisition of common stock under repurchase plan	(450)	(1)	(4,789)	—	—	—	—	(4,790)
Issuance of common stock due to stock option exercises	42	—	426	—	—	—	—	426
Retired shares from net issuance	(6)	—	—	—	—	—	—	—
Issuance of common stock under restricted stock plan	552	1	(1)	—	—	—	—	—
Retired shares for restricted stock vesting	(240)	—	(2,560)	—	—	—	—	(2,560)
Issuance of common stock as stock dividend	111	—	1,343	—	—	—	—	1,343
Dividend distributions	—	—	—	—	—	(68,408)	—	(68,408)
Stock-based compensation ⁽¹⁾	—	—	5,685	—	—	—	—	5,685
Balance at September 30, 2016	76,400	\$ 77	\$ 802,521	\$ (68,880)	\$ 31,420	\$ (11,207)	\$ (342)	\$ 753,589

(1) Stock-based compensation includes \$69 and \$65 of restricted stock and option expense related to director compensation for the nine months ended September 30, 2016 and 2015, respectively.

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited)

(dollars in thousands)

	For the Nine Months Ended September 30,	
	2016	2015
Cash flows from operating activities:		
Net increase in net assets resulting from operations	\$54,582	\$28,746
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:		
Purchase of investments	(461,772)	(532,048)
Principal and fee payments received on investments	340,584	379,247
Proceeds from the sale of investments	16,701	16,523
Net unrealized depreciation on investments	16,072	33,042
Net realized loss (gain) on investments	(3,427)	(8,424)
Accretion of paid-in-kind principal	(5,317)	(2,796)
Accretion of loan discounts	(5,524)	(6,369)
Accretion of loan discount on Convertible Senior Notes	82	185
Loss on debt extinguishment (Long-Term Liabilities - Convertible Senior Notes)	—	1
Payment of loan discount on Convertible Senior Notes	—	(5)
Accretion of loan exit fees	(16,679)	(10,493)
Change in deferred loan origination revenue	(253)	1,275
Unearned fees related to unfunded commitments	(308)	(271)
Amortization of debt fees and issuance costs	2,987	3,498
Depreciation	152	152
Stock-based compensation and amortization of restricted stock grants ⁽¹⁾	5,685	7,231
Change in operating assets and liabilities:		
Interest and fees receivable	(1,622)	925
Prepaid expenses and other assets	228	4,833
Accounts payable	56	171
Accrued liabilities	(729)	6,065
Net cash used in operating activities	(58,502)	(78,512)
Cash flows from investing activities:		
Purchases of capital equipment	(227)	(158)
Reduction of restricted cash	211	7,302
Net cash (used in) provided by investing activities	(16)	7,144
Cash flows from financing activities:		
Issuance of common stock, net	50,177	100,092
Repurchase of common stock, net	(4,790)	(4,498)

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Retirement of employee shares	(2,134)	(3,993)
Dividend distributions paid	(67,065)	(63,649)
Issuance of 2024 Notes Payable	141,945	—
Repayments of 2019 Notes Payable	—	(20,000)
Repayments of 2017 Asset-Backed Notes	—	(16,049)
Repayments of 2021 Asset-Backed Notes	(12,296)	—
Borrowings of credit facilities	193,276	53,365
Repayments of credit facilities	(243,276)	(53,365)
Cash paid for debt issuance costs	(4,858)	—
Cash paid for redemption of Convertible Senior Notes	(17,604)	(65)
Fees paid for credit facilities and debentures	(1,041)	(282)
Net cash provided by (used in) financing activities	32,334	(8,444)
Net decrease in cash and cash equivalents	(26,184)	(79,812)
Cash and cash equivalents at beginning of period	95,196	227,116
Cash and cash equivalents at end of period	\$69,012	\$147,304
Supplemental non-cash investing and financing activities:		
Dividend distributions reinvested	\$1,343	\$1,589

(1) Stock-based compensation includes \$69 and \$65 of restricted stock and option expense related to director compensation for the nine months ended September 30, 2016 and 2015, respectively.

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2016

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor	Principal Amount	Cost ⁽²⁾	Value
Technology Tools							
Under 1 Year Maturity							
Core, Inc. ^{(11)(14A)}	Biotechnology Tools	Senior Secured	September 2019	Interest rate PRIME + 6.45% or Floor rate of 9.95%	\$6,000	\$5,935	\$5,935
Total: 1-5 Years Maturity						5,935	5,935
Total: Biotechnology Tools (0.80%)*						5,935	5,935
Communications & Networking							
Under 1 Year Maturity							
Anti Communications Corp ⁽⁴⁾⁽⁹⁾	Communications & Networking	Senior Secured	October 2019	Interest rate FIXED 10.00%	\$7,500	6,787	5,935
Wilkes Technology Management Co II, ^{(6)(13)(14B)}	Communications & Networking	Senior Secured	August 2017	PIK Interest 10.50%	\$1,001	991	991
OnPeak, Inc. ⁽⁷⁾	Communications & Networking	Senior Secured	April 2017	Interest rate PRIME + 8.75% or Floor rate of 12.00%	\$12,211	8,975	—
Total: Under 1 Year Maturity						16,753	6,926
1-5 Years Maturity							
Cross, ^{(6)(7)(13)(14B)(15)}	Communications & Networking	Senior Secured	January 2018	Interest rate FIXED 10.95%, PIK Interest 5.00%	\$16,758	16,900	—
ing Mobile Solutions, ^{(12)(14B)}	Communications & Networking	Senior Secured	January 2019	Interest rate PRIME + 6.70% or Floor rate of 9.95%	\$3,000	3,010	3,010
Total: 1-5 Years Maturity						19,910	3,010
Total: Communications & Networking						36,663	9,936
Total: (2.2%)*							

Consumer & Business Products

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Under 1 Year Maturity

Antenna79 (p.k.a. Pong Research Corporation) ^{(13)(14B)(14D)(15)}	Consumer & Business Products	Senior Secured	November 2016	Interest rate PRIME + 6.75% or Floor rate of 10.00%, PIK Interest 2.50%	\$4,302	4,628	4,000
Antenna79 (p.k.a. Pong Research Corporation)	Consumer & Business Products	Senior Secured	November 2016	Interest rate PRIME + 8.75% or Floor rate of 12.00%	\$156	156	137
Antenna79 (p.k.a. Pong Research Corporation)	Consumer & Business Products	Senior Secured	November 2016	Interest rate PRIME + 6.75% or Floor rate of 10.00%, PIK Interest 2.50%	\$4,458	4,784	4,200
Fluc, Inc. (p.k.a. Fluc, Inc.) ⁽⁸⁾	Consumer & Business Products	Convertible Debt	March 2017	Interest rate FIXED 4.00%	\$100	100	—
Total: Under 1 Year Maturity						4,884	4,200
1-5 Years Maturity							
Gal ^{(14B)(15)}	Consumer & Business Products	Senior Secured	May 2019	Interest rate PRIME + 5.45% or Floor rate of 8.95%	\$15,000	15,249	5,000
Time Around Amplify Holdings, Inc. ^{(14A)(15)}	Consumer & Business Products	Senior Secured	February 2019	Interest rate PRIME + 7.25% or Floor rate of 10.75%	\$2,428	2,430	2,400
Total: 1-5 Years Maturity						17,679	7,400
Total: Consumer & Business Products						22,563	11,600

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2016

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor	Principal Amount	Cost ⁽²⁾	Value
g Delivery							
er 1 Year Maturity							
ion Corporation ^{(10)(14A)}	Drug Delivery	Senior Secured	June 2017	Interest rate PRIME + 8.00%			
				or Floor rate of 11.25%	\$3,316	\$3,617	\$3,617
Total: Under 1 Year Maturity						3,617	3,617
Years Maturity							
Rx Pharmaceuticals, ^{(9)(10)(14A)(15)}	Drug Delivery	Senior Secured	October 2017	Interest rate PRIME + 3.85%			
				or Floor rate of 9.10%	\$20,466	21,005	20,940
e Therapeutics, Inc. ^{(10)(14A)}	Drug Delivery	Senior Secured	December 2018	Interest rate PRIME + 4.75%			
				or Floor rate of 9.00%	\$16,500	16,413	16,390
ecia Pharmaceuticals pany ^(14A)	Drug Delivery	Senior Secured	January 2020	Interest rate PRIME + 5.75%			
				or Floor rate of 9.25%	\$20,000	19,555	19,550
Q Pharma rporated ^{(10)(14A)(14B)}	Drug Delivery	Senior Secured	May 2018	Interest rate PRIME + 8.00%			
				or Floor rate of 11.25%	\$9,130	9,484	9,400
	Drug Delivery	Senior Secured	May 2018	Interest rate PRIME + 7.00%			
				or Floor rate of 10.25%	\$2,736	2,763	2,750
l BioQ Pharma Incorporated					\$11,866	12,247	12,100
ce Biopharm, Inc. ^{(7)(14A)(15)}	Drug Delivery	Senior Secured	November 2017	Interest rate PRIME + 7.40%			
				or Floor rate of 10.65%	\$2,145	2,255	2,250
e Therapeutics, Inc. ^{(14A)(17)}	Drug Delivery	Senior Secured	February 2020	Interest rate PRIME + 4.65%			
				or Floor rate of 9.15%	\$15,000	14,927	15,000
atrix Inc. ^{(8)(10)(14A)}	Drug Delivery	Senior Secured	July 2018	Interest rate PRIME + 6.25%			
				or Floor rate of 9.50%	\$6,588	6,611	6,620
Opco, Inc (p.k.a. Zosano ma) ^{(10)(14A)}	Drug Delivery	Senior Secured	December 2018	Interest rate PRIME + 2.70%			
				or Floor rate of 7.95%	\$13,636	13,774	13,770

total: 1-5 Years Maturity	106,787	106,787
total: Drug Delivery (14.63%)*	110,404	110,404

See notes to consolidated financial statements.

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HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2016

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor	Principal Amount	Cost ⁽²⁾	Value
Under 1 Year Maturity							
Cor, Inc. ^{(11)(14A)}	Drug Discovery & Development	Senior Secured	August 2017	Interest rate PRIME + 4.70% or Floor rate of 7.95%	\$3,229	\$3,324	\$3,324
alstem, Inc. ^{(14A)(15)}	Drug Discovery & Development	Senior Secured	April 2017	Interest rate PRIME + 6.75% or Floor rate of 10.00%	\$4,953	5,156	5,156
Total: Under 1 Year Maturity						8,480	8,480
1 to 2 Years Maturity							
Medical Holding, (9)(14B)	Drug Discovery & Development	Senior Secured	January 2020	Interest rate PRIME + 6.05% or Floor rate of 9.55%	\$12,500	12,206	12,206
Pharmaceuticals, (14A)(14B)	Drug Discovery & Development	Senior Secured	December 2019	Interest rate PRIME + 6.90% or Floor rate of 11.90%	\$10,000	10,235	10,235
	Drug Discovery & Development	Senior Secured	December 2019	Interest rate PRIME + 6.90% or Floor rate of 11.90%	\$5,000	4,898	4,898
Aveo Pharmaceuticals, Inc.					\$15,000	15,133	15,133
icum Pharmaceuticals, (14A)(14B)(15)	Drug Discovery & Development	Senior Secured	March 2020	Interest rate PRIME + 5.85% or Floor rate of 9.35%	\$15,000	15,101	15,101
	Drug Discovery & Development	Senior Secured	March 2020	Interest rate PRIME + 5.85% or Floor rate of 9.35%	\$5,000	4,960	4,960
Bellicum Pharmaceuticals, Inc.					\$20,000	20,061	20,061
ell Biotech, Inc. ^{(11)(14A)}	Drug Discovery & Development	Senior Secured	September 2019	Interest rate PRIME + 5.70% or Floor rate of 9.20%	\$7,500	7,452	7,452
ean Pharma, Inc. ^{(12)(14B)}	Drug Discovery & Development	Senior Secured	July 2018	Interest rate PRIME + 1.55% or Floor rate of 7.30%	\$15,115	15,858	15,858
BioPharma Corp. (p.k.a. Therapeutics, Inc.) ^{(10)(14A)}	Drug Discovery & Development	Senior Secured	December 2018	Interest rate PRIME + 7.70%	\$21,421	22,218	22,218

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	Development			or Floor rate of 10.95%				
Corporation ^{(10)(14B)(15)}	Drug Discovery & Development	Senior Secured	February 2020	Interest rate PRIME + 6.00%				
				or Floor rate of 9.50%	\$25,000	24,860	24,9	
s Biopharmaceuticals, (14A)	Drug Discovery & Development	Senior Secured	April 2018	Interest rate PRIME + 4.70%				
				or Floor rate of 7.95%	\$3,111	3,394	—	
cea Biosciences, (10)(14A)(17)	Drug Discovery & Development	Senior Secured	January 2019	Interest rate PRIME + 2.25%				
				or Floor rate of 7.25%	\$17,000	17,234	17,3	
ne Pharmaceuticals ^{(10)(14B)}	Drug Discovery & Development	Senior Secured	September 2018	Interest rate PRIME + 4.75%				
				or Floor rate of 10.00%	\$3,692	3,725	2,22	
ed, Incorporated ^{(10)(14A)}	Drug Discovery & Development	Senior Secured	October 2020	Interest rate PRIME + 4.75%				
				or Floor rate of 9.25%	\$35,000	34,681	34,6	
Therapeutics, Inc. ^{(14A)(15)}	Drug Discovery & Development	Senior Secured	January 2019	Interest rate PRIME + 5.70%				
				or Floor rate of 8.95%	\$13,706	13,766	13,8	
ata Therapeutics ^{(12)(14A)}	Drug Discovery & Development	Senior Secured	June 2018	Interest rate PRIME + 3.75%				
				or Floor rate of 8.25%	\$27,283	27,630	27,5	
imack Pharmaceuticals, (10)	Drug Discovery & Development	Senior Secured	December 2022	Interest rate FIXED 11.50%				
					\$25,000	25,000	25,2	
chen Pharmaceuticals (13)(14A)	Drug Discovery & Development	Senior Secured	October 2020	Interest rate PRIME + 7.25%				
				or Floor rate of 10.75%, PIK Interest 1.35%	\$35,000	34,339	34,3	
ek Pharmaceuticals, (14A)(15)(17)	Drug Discovery & Development	Senior Secured	September 2020	Interest rate PRIME + 2.75%				
				or Floor rate of 8.50%	\$20,000	20,028	20,1	
ERx, Inc. ^{(14B)(15)}	Drug Discovery & Development	Senior Secured	December 2019	Interest rate PRIME + 5.75%				
				or Floor rate of 9.25%	\$6,000	5,866	5,86	
ure B.V. ^{(4)(9)(10)(14B)}	Drug Discovery & Development	Senior Secured	May 2020	Interest rate PRIME + 3.00%				
				or Floor rate of 8.25%	\$20,000	20,024	20,0	
IA Corporation ^{(9)(14B)(15)}	Drug Discovery & Development	Senior Secured	September 2018	Interest rate PRIME + 2.15%				
				or Floor rate of 9.40%	\$18,214	18,660	18,5	
Total: 1-5 Years Maturity						342,135	337	
Total: Drug Discovery & Development								
5%)*						350,615	346	

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2016

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor	Principal Amount	Cost ⁽²⁾	Value ⁽³⁾
Electronics & Computer Hardware							
1-5 Years Maturity							
Perisimmon Technologies ^{(11)(14B)}	Electronics & Computer Hardware	Senior Secured	June 2019	Interest rate PRIME + 7.50% or Floor rate of 11.00%	\$7,000	\$7,047	\$7,047
Subtotal: 1-5 Years Maturity						7,047	7,047
Subtotal: Electronics & Computer Hardware (0.94%)*						7,047	7,047
Healthcare Services, Other							
1-5 Years Maturity							
InstaMed Communications, LC ^{(14B)(15)}	Healthcare Services, Other	Senior Secured	February 2019	Interest rate PRIME + 6.75% or Floor rate of 10.00%	\$10,000	10,276	10,300
PH Group Holdings	Healthcare Services, Other	Senior Secured	September 2020	Interest rate PRIME + 7.45% or Floor rate of 10.95%	\$20,000	19,783	19,783
Subtotal: 1-5 Years Maturity						30,059	30,083
Subtotal: Healthcare Services, Other (3.99%)*						30,059	30,083
Internet Consumer & Business Services							
1-5 Years Maturity							
Peria Systems, Inc. ⁽¹⁰⁾⁽¹³⁾	Internet Consumer & Business Services	Senior Secured	June 2019	Interest rate PRIME + 3.20% or Floor rate of 6.95%, PIK Interest 1.95%	\$2,051	2,033	1,717
	Internet Consumer & Business Services	Senior Secured	June 2019	Interest rate PRIME + 5.20% or Floor rate of 8.95%, PIK Interest 1.95%	\$18,373	18,191	15,363

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total Aria Systems, Inc.					\$20,424	20,224	17,080
CloudOne, Inc. ^{(10)(14B)}	Internet Consumer & Business Services	Senior Secured	April 2019	Interest rate PRIME + 6.35% or Floor rate of 9.85%	\$5,000	5,034	5,060
LogicSource ^{(14B)(15)}	Internet Consumer & Business Services	Senior Secured	October 2019	Interest rate PRIME + 6.25% or Floor rate of 9.75%	\$8,500	8,477	8,538
One Planet Ops Inc. (d.k.a. Reply! Inc.)	Internet Consumer & Business Services	Senior Secured	March 2019	Interest rate PRIME + 4.25% or Floor rate of 7.50%	\$4,895	4,599	4,599
magajob.com, Inc. ^{(12)(13)(14A)}	Internet Consumer & Business Services	Senior Secured	July 2020	Interest rate PRIME + 5.15% or Floor rate of 9.15%, PIK Interest 1.95%	\$35,120	34,219	34,218
Tectura Corporation ⁽⁷⁾⁽⁸⁾⁽¹³⁾	Internet Consumer & Business Services	Senior Secured	June 2021	Interest rate FIXED 6.00%, PIK Interest 3.00%	\$19,542	19,542	19,542
	Internet Consumer & Business Services	Senior Secured	June 2021	PIK Interest 8.00%	\$11,015	240	—
total Tectura Corporation					\$30,557	19,782	19,542
Subtotal: 1-5 Years Maturity						92,335	89,037
Subtotal: Internet Consumer & Business Services (11.82%)*						92,335	89,037
Media/Content/Info 1-5 Years Maturity							
Machine Zone, Inc. ⁽¹³⁾⁽¹⁶⁾	Media/Content/Info	Senior Secured	May 2018	Interest rate PRIME + 2.50% or Floor rate of 6.75%, PIK Interest 3.00%	\$103,002	101,422	101,654
VP Technology, Inc. Wattpad, Inc. ^{(4)(9)(11)(14B)}	Media/Content/Info	Senior Secured	April 2020	Interest rate PRIME + 4.75% or Floor rate of 8.25%	\$5,000	5,000	5,043
Subtotal: 1-5 Years Maturity						106,422	106,697
Subtotal: Media/Content/Info (14.16%)*						106,422	106,697

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HERCULES CAPITAL, INC.

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(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor	Principal Amount	Cost ⁽²⁾	Value
Medical Devices & Equipment							
Under 1 Year Maturity							
EMD, Inc. ^{(4)(9)(14B)}	Medical Devices & Equipment	Senior Secured	June 2017	Interest rate PRIME + 5.00% or Floor rate of 10.50%	\$3,301	\$3,786	\$3,301
1 to 2 Years Maturity							
Medica Corporation ^{(8)(14B)(15)}	Medical Devices & Equipment	Senior Secured	January 2018	Interest rate PRIME + 9.20% or Floor rate of 12.45%	\$8,981	10,257	10,257
Medtronic Bariatrics, Inc. ^{(14B)(15)}	Medical Devices & Equipment	Senior Secured	October 2018	Interest rate PRIME + 4.00% or Floor rate of 9.25%	\$5,947	5,978	5,947
Medtronic, Inc. ^{(14A)(15)}	Medical Devices & Equipment	Senior Secured	June 2018	Interest rate PRIME + 6.00% or Floor rate of 9.25%	\$11,272	11,386	11,272
Fluonix Medical Incorporated ^{(12)(14B)}	Medical Devices & Equipment	Senior Secured	May 2018	Interest rate PRIME + 4.75% or Floor rate of 10.00%	\$12,307	12,651	12,307
Fluonix Medical Incorporated	Medical Devices & Equipment	Senior Secured	March 2019	Interest rate PRIME + 6.50% or Floor rate of 10.00%	\$4,707	4,617	4,707
Meda Medica, Inc. ^{(10)(14B)}	Medical Devices & Equipment	Senior Secured	January 2018	Interest rate PRIME + 6.50% or Floor rate of 9.75%	\$2,500	2,621	2,500
Medtronic, Inc. ^{(14B)(15)}	Medical Devices & Equipment	Senior Secured	June 2019	Interest rate PRIME + 6.05% or Floor rate of 10.05%	\$12,500	12,464	12,500
Medtronic Technologies, Inc. ^{(11)(14B)}	Medical Devices & Equipment	Senior Secured	August 2019	Interest rate PRIME + 7.25% or Floor rate of 10.50%	\$8,500	8,400	8,500
Medtronic Fluid Solutions ^{(4)(9)(10)(14B)}	Medical Devices & Equipment	Senior Secured	April 2020	Interest rate PRIME + 8.05% or Floor rate of 11.55%	\$12,500	12,479	12,500

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erix Corporation ^{(10)(14A)}	Medical Devices & Equipment	Senior Secured	February 2018	Interest rate PRIME + 2.75% or Floor rate of 8.00%	\$ 11,327	11,566	1	
gEyes, Inc. ^{(14B)(15)}	Medical Devices & Equipment	Senior Secured	January 2018	Interest rate PRIME + 7.75% or Floor rate of 11.00%	\$ 2,847	3,228	3	
Total: 1-5 Years Maturity							95,647	99,433
Total: Medical Devices & Equipment (13.19%)*							99,433	99,433
Semiconductors								
1-5 Years Maturity								
ix Semiconductor ation ^{(14B)(15)}	Semiconductors	Senior Secured	July 2018	Interest rate PRIME + 8.25% or Floor rate of 11.50%	\$ 3,812	3,978	3	
a Corporation ^{(10)(14A)}	Semiconductors	Senior Secured	April 2018	Interest rate PRIME + 5.25% or Floor rate of 8.50%	\$ 6,550	6,637	6	
Total: 1-5 Years Maturity							10,615	10,615
Total: Semiconductors (1.42%)*							10,615	10,615

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

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(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor	Principal Amount	Cost ⁽²⁾	Value ⁽³⁾
Software							
Under 1 Year Maturity							
JumpStart Games, Inc. (p.k.a. Knowledge Adventure, Inc.) ^{(7)(13)(14C)(15)}	Software	Senior Secured	November 2016	Interest rate FIXED 5.75%, PIK Interest 10.75%	\$1,566	\$1,698	\$826
RedSeal Inc. ⁽¹⁵⁾⁽¹⁷⁾	Software	Senior Secured	June 2017	Interest rate PRIME + 3.25% or Floor rate of 6.50%	\$2,635	2,635	2,635
Subtotal: Under 1 Year Maturity						4,333	3,461
1-5 Years Maturity							
Actifio, Inc. ^{(13)(14A)}	Software	Senior Secured	January 2019	Interest rate PRIME + 4.25% or Floor rate of 8.25%, PIK Interest 2.25%	\$30,786	30,625	30,598
	Software	Senior Secured	January 2019	Interest rate PRIME + 4.75% or Floor rate of 8.75%, PIK Interest 2.50%	\$10,107	9,787	9,870
Total Actifio, Inc.						\$40,893	40,412
Clickfox, Inc. ^(14C)	Software	Senior Secured	May 2018	Interest rate PRIME + 8.00% or Floor rate of 11.50%	\$12,000	11,979	11,979
Druva, Inc. ^{(10)(12)(14B)(17)}	Software	Senior Secured	March 2018	Interest rate PRIME + 4.60% or Floor rate of 7.85%	\$10,877	11,241	11,228
	Software	Senior Secured	May 2018	Interest rate PRIME + 4.60% or Floor rate of 7.85%	\$5,000	5,029	5,029
Total Druva, Inc.						\$15,877	16,270
	Software		October 2020	Interest rate PRIME + 5.45%	\$6,000	5,958	5,958

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Evernote Corporation ⁽¹⁵⁾⁽¹⁷⁾		Senior Secured		or Floor rate of 8.95%			
JumpStart Games, Inc. (p.k.a. Knowledge Adventure, Inc.) ^{(7)(13)(14A)(15)}	Software	Senior Secured	March 2018	Interest rate FIXED 5.75%, PIK Interest 10.75%	\$ 13,000	12,747	6,198
Mattersight Corporation ⁽¹³⁾	Software	Senior Secured	February 2020	Interest rate PRIME + 6.25% or Floor rate of 9.75%, PIK Interest 2.15%	\$ 22,542	21,835	21,835
Message Systems, Inc. ^{(14A)(15)}	Software	Senior Secured	February 2019	Interest rate PRIME + 7.25% or Floor rate of 10.50%	\$ 17,500	17,101	17,129
OneLogin, Inc. ⁽¹³⁾⁽¹⁵⁾	Software	Senior Secured	August 2019	Interest rate PRIME + 6.45% or Floor rate of 9.95%, PIK Interest 3.25%	\$ 13,251	13,119	13,257
Quid, Inc. ^{(13)(14A)(15)}	Software	Senior Secured	October 2019	Interest rate PRIME + 4.75% or Floor rate of 8.25%, PIK Interest 2.25%	\$ 8,070	8,044	8,044
RedSeal Inc. ^{(14A)(15)(17)}	Software	Senior Secured	June 2018	Interest rate PRIME + 7.75% or Floor rate of 11.00%	\$ 5,000	5,095	5,058
Signpost, Inc. ^{(13)(14A)(15)}	Software	Senior Secured	February 2020	Interest rate PRIME + 4.15% or Floor rate of 8.15%, PIK Interest 1.75%	\$ 15,170	14,882	14,961
Subtotal: 1-5 Years Maturity						167,442	161,144
Subtotal: Software (21.84%)*						171,775	164,605
Specialty Pharmaceuticals							
1-5 Years Maturity							
Alimera Sciences, Inc. ^{(10)(14A)}	Specialty Pharmaceuticals	Senior Secured	May 2018	Interest rate PRIME + 7.65% or Floor rate of 10.90%	\$ 35,000	34,667	34,714
Jaguar Animal Health, Inc. ^{(10)(14B)}	Specialty Pharmaceuticals	Senior Secured	August 2018	Interest rate PRIME + 5.65% or Floor rate of 9.90%	\$ 3,989	4,242	4,166
Subtotal: 1-5 Years Maturity						38,909	38,880
Subtotal: Specialty Pharmaceuticals (5.16%)*						38,909	38,880
Surgical Devices							

1-5 Years Maturity									
Transmedics, Inc. ^{(12)(14B)}	Surgical Devices	Senior Secured	February 2020	Interest rate PRIME + 5.30%					
				or Floor rate of 9.55%	\$8,500	8,437	8,461		
Subtotal: 1-5 Years Maturity							8,437	8,461	
Subtotal: Surgical Devices (1.12%)*							8,437	8,461	

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2016

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor	Principal Amount	Cost ⁽²⁾	Value ⁽³⁾
Sustainable and Renewable Technology							
Under 1 Year Maturity							
Agrivida, Inc. ^{(14B)(15)}	Sustainable and Renewable Technology	Senior Secured	December 2016	Interest rate PRIME + 6.75% or Floor rate of 10.00%	\$2,592	\$2,881	\$2,881
American Superconductor Corporation ^{(10)(14B)}	Sustainable and Renewable Technology	Senior Secured	November 2016	Interest rate PRIME + 7.25% or Floor rate of 11.00%	\$667	1,166	1,166
	Sustainable and Renewable Technology	Senior Secured	June 2017	Interest rate PRIME + 7.25% or Floor rate of 11.00%	\$1,500	1,536	1,536
Total American Superconductor Corporation					\$2,167	2,702	2,702
Modumetal, Inc. ^{(11)(14D)}	Sustainable and Renewable Technology	Senior Secured	March 2017	Interest rate PRIME + 8.70% or Floor rate of 11.95%	\$738	1,217	1,217
Stion Corporation ^{(5)(14A)}	Sustainable and Renewable Technology	Senior Secured	February 2017	Interest rate PRIME + 8.75% or Floor rate of 12.00%	\$821	821	821
Subtotal: Under 1 Year Maturity						7,621	7,621
1-5 Years Maturity							
FuelCell Energy, Inc. ^{(11)(14B)}	Sustainable and Renewable Technology	Senior Secured	October 2018	Interest rate PRIME + 5.50% or Floor rate of 9.50%	\$20,000	20,278	20,434
Modumetal, Inc. ^{(11)(14C)}	Sustainable and Renewable Technology	Senior Secured	October 2017	Interest rate PRIME + 6.00% or Floor rate of 9.25%	\$4,326	4,933	4,870

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Plug Power, Inc. ^{(9)(12)(14B)}	Sustainable and Renewable Technology	Senior Secured	June 2019	Interest rate PRIME + 6.45% or Floor rate of 10.45%	\$25,000	24,916	24,916
Proterra, Inc. ^{(10)(14B)}	Sustainable and Renewable Technology	Senior Secured	December 2018	Interest rate PRIME + 6.95% or Floor rate of 10.20%	\$30,000	30,470	30,714
Rive Technology, Inc. ^{(14A)(15)}	Sustainable and Renewable Technology	Senior Secured	January 2019	Interest rate PRIME + 6.20% or Floor rate of 9.45%	\$7,500	7,539	7,562
Sungevity, Inc. ^{(12)(14D)}	Sustainable and Renewable Technology	Senior Secured	October 2017	Interest rate PRIME + 3.70% or Floor rate of 6.95%	\$35,000	38,743	38,811
	Sustainable and Renewable Technology	Senior Secured	October 2017	Interest rate PRIME + 3.70% or Floor rate of 6.95%	\$20,000	20,000	20,118
Total Sungevity, Inc.					\$55,000	58,743	58,929
Tendril Networks ^{(11)(14B)}	Sustainable and Renewable Technology	Senior Secured	June 2019	Interest rate FIXED 7.25%	\$15,000	15,241	15,134
Verdezyne, Inc. ^{(14B)(15)}	Sustainable and Renewable Technology	Senior Secured	April 2019	Interest rate PRIME + 8.25% or Floor rate of 11.75%	\$15,000	14,928	14,877
Subtotal: 1-5 Years Maturity						177,048	177,436
Subtotal: Sustainable and Renewable Technology (24.56%)*						184,669	185,057
Total Debt Investments (162.44%)*						1,275,881	1,224,121

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

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(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Equity Investments						
Biotechnology Tools						
NuGEN Technologies, Inc. ⁽¹⁵⁾	Biotechnology Tools	Equity	Preferred Series C	189,394	\$ 500	\$ 606
Subtotal: Biotechnology Tools (0.08%)*					500	606
Communications & Networking						
Achilles Technology Management Co II, Inc. ⁽⁶⁾⁽¹⁵⁾	Communications & Networking	Equity	Common Stock	10,000	4,000	4,000
GlowPoint, Inc. ⁽³⁾	Communications & Networking	Equity	Common Stock	114,192	102	32
Peerless Network, Inc.	Communications & Networking	Equity	Preferred Series A	1,000,000	1,000	4,584
Subtotal: Communications & Networking (1.14%)*					5,102	8,616
Consumer & Business Products						
Market Force Information, Inc.	Consumer & Business Products	Equity	Common Stock	480,261	—	252
	Consumer & Business Products	Equity	Preferred Series B-1	187,970	500	263
Total Market Force Information, Inc.				668,231	500	515
Subtotal: Consumer & Business Products (0.07%)*					500	515
Diagnostic						
Singulex, Inc.	Diagnostic	Equity	Common Stock	937,998	750	551
Subtotal: Diagnostic (0.07%)*					750	551
Drug Delivery						

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AcelRx Pharmaceuticals, Inc. ⁽³⁾⁽⁹⁾	Drug Delivery	Equity	Common Stock	54,240	108	211
BioQ Pharma Incorporated ⁽¹⁵⁾	Drug Delivery	Equity	Preferred Series D	165,000	500	740
Edge Therapeutics, Inc. ⁽³⁾	Drug Delivery	Equity	Common Stock	161,856	1,000	1,685
Merrion Pharmaceuticals, Plc ⁽³⁾⁽⁴⁾⁽⁹⁾	Drug Delivery	Equity	Common Stock	20,000	9	—
Neos Therapeutics, Inc. ⁽³⁾⁽¹⁵⁾	Drug Delivery	Equity	Common Stock	125,000	1,500	823
Revance Therapeutics, Inc. ⁽³⁾	Drug Delivery	Equity	Common Stock	22,765	557	369
Subtotal: Drug Delivery (0.51%)*					3,674	3,828

Drug Discovery & Development

Aveo Pharmaceuticals, Inc. ⁽³⁾⁽⁹⁾⁽¹⁵⁾	Drug Discovery & Development	Equity	Common Stock	426,931	1,060	367
Cerecor, Inc. ⁽³⁾	Drug Discovery & Development	Equity	Common Stock	119,087	1,000	504
Cerulean Pharma, Inc. ⁽³⁾	Drug Discovery & Development	Equity	Common Stock	135,501	1,000	142
Dicerna Pharmaceuticals, Inc. ⁽³⁾⁽¹⁵⁾	Drug Discovery & Development	Equity	Common Stock	142,858	1,000	840
Dynavax Technologies ⁽³⁾⁽⁹⁾	Drug Discovery & Development	Equity	Common Stock	20,000	550	210
Epirus Biopharmaceuticals, Inc. ⁽³⁾	Drug Discovery & Development	Equity	Common Stock	200,000	1,000	—
Genocea Biosciences, Inc. ⁽³⁾	Drug Discovery & Development	Equity	Common Stock	223,463	2,000	1,144
Inotek Pharmaceuticals Corporation ⁽³⁾	Drug Discovery & Development	Equity	Common Stock	3,778	1,500	36
Insmmed, Incorporated ⁽³⁾	Drug Discovery & Development	Equity	Common Stock	70,771	1,000	1,028
Melinta Therapeutics	Drug Discovery & Development	Equity	Preferred Series 4	1,914,448	2,000	2,164
Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.) ⁽³⁾	Drug Discovery & Development	Equity	Common Stock	76,362	2,743	993
Subtotal: Drug Discovery & Development (0.99%)*					14,853	7,428

Electronics & Computer Hardware

Identiv, Inc. ⁽³⁾	Electronics & Computer Hardware	Equity	Common Stock	6,700	34	14
Subtotal: Electronics & Computer Hardware (0.00%)*					34	14

Internet Consumer & Business Services

Blurb, Inc. ⁽¹⁵⁾	Internet Consumer & Business Services	Equity	Preferred Series B	220,653	175	199
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Lightspeed POS, Inc. ⁽⁴⁾⁽⁹⁾	Internet Consumer & Business Services	Equity	Preferred Series C	230,030	250	278
	Internet Consumer & Business Services	Equity	Preferred Series D	198,677	250	264
Total Lightspeed POS, Inc.				428,707	500	542
Oportun (p.k.a. Progress Financial)	Internet Consumer & Business Services	Equity	Preferred Series G	218,351	250	373
	Internet Consumer & Business Services	Equity	Preferred Series H	87,802	250	244
Total Oportun (p.k.a. Progress Financial)				306,153	500	617
Philotic, Inc.	Internet Consumer & Business Services	Equity	Common Stock	9,023	93	—
RazorGator Interactive Group, Inc.	Internet Consumer & Business Services	Equity	Preferred Series AA	34,783	15	41
Tectura Corporation	Internet Consumer & Business Services	Equity	Preferred Series BB	1,000,000	—	—
Subtotal: Internet Consumer & Business Services (0.19%)*					1,283	1,399

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(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Medical Devices & Equipment						
AtriCure, Inc. ⁽³⁾⁽¹⁵⁾	Medical Devices & Equipment	Equity	Common Stock	7,536	\$266	\$119
Flowonix Medical Incorporated	Medical Devices & Equipment	Equity	Preferred Series E	221,893	1,500	1,618
Gelesis, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Equity	Common Stock	198,202	—	894
	Medical Devices & Equipment	Equity	Preferred Series A-1	191,210	425	954
	Medical Devices & Equipment	Equity	Preferred Series A-2	191,626	500	909
Total Gelesis, Inc.				581,038	925	2,757
Medrobotics Corporation ⁽¹⁵⁾	Medical Devices & Equipment	Equity	Preferred Series E	136,798	250	245
	Medical Devices & Equipment	Equity	Preferred Series F	73,971	155	198
	Medical Devices & Equipment	Equity	Preferred Series G	163,934	500	536
Total Medrobotics Corporation				374,703	905	979
Optiscan Biomedical, Corp. ⁽⁵⁾⁽¹⁵⁾	Medical Devices & Equipment	Equity	Preferred Series B	6,185,567	3,000	320
	Medical Devices & Equipment	Equity	Preferred Series C	1,927,309	655	93
	Medical Devices & Equipment	Equity	Preferred Series D	55,103,923	5,257	3,465
	Medical Devices & Equipment	Equity	Preferred Series E	11,508,204	963	1,056
Total Optiscan Biomedical, Corp.				74,725,003	9,875	4,934
Outset Medical, Inc. (p.k.a. Home Dialysis Plus, Inc.)	Medical Devices & Equipment	Equity	Preferred Series B	232,061	527	610
Quanterix Corporation	Medical Devices & Equipment	Equity	Preferred Series D	272,479	1,000	1,106

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Subtotal: Medical Devices & Equipment (1.61%)*				14,998	12,123	
Software						
Box, Inc. ⁽³⁾⁽¹⁵⁾	Software	Equity	Common Stock	647,200	4,775	9,980
CapLinked, Inc.	Software	Equity	Preferred Series A-3	53,614	51	87
Druva, Inc.	Software	Equity	Preferred Series 2	458,841	1,001	1,338
ForeScout Technologies, Inc.	Software	Equity	Preferred Series D	319,099	398	1,590
	Software	Equity	Preferred Series E	80,587	131	405
Total ForeScout Technologies, Inc.				399,686	529	1,995
HighRoads, Inc.	Software	Equity	Preferred Series B	190,170	307	—
NewVoiceMedia Limited ⁽⁴⁾⁽⁹⁾	Software	Equity	Preferred Series E	669,173	963	1,124
Nuance Communications, Inc. ⁽³⁾⁽¹⁵⁾	Software	Equity	Common Stock	91,027	546	1,068
Palantir Technologies	Software	Equity	Preferred Series E	727,696	5,431	5,431
WildTangent, Inc. ⁽¹⁵⁾	Software	Equity	Preferred Series 3	100,000	402	169
Subtotal: Software (2.81%)*					14,005	21,192
Specialty Pharmaceuticals						
QuatRx Pharmaceuticals Company	Specialty Pharmaceuticals	Equity	Preferred Series E	241,829	750	—
	Specialty Pharmaceuticals	Equity	Preferred Series E-1	26,955	—	—
	Specialty Pharmaceuticals	Equity	Preferred Series G	4,667,636	—	—
Total QuatRx Pharmaceuticals Company				4,936,420	750	—
Subtotal: Specialty Pharmaceuticals (0.00%)*					750	—
Surgical Devices						
Gynesonics, Inc. ⁽¹⁵⁾	Surgical Devices	Equity	Preferred Series B	219,298	250	45
	Surgical Devices	Equity	Preferred Series C	656,538	282	66
	Surgical Devices	Equity	Preferred Series D	1,991,157	712	694
	Surgical Devices	Equity	Preferred Series E	2,786,367	429	483
Total Gynesonics, Inc.				5,653,360	1,673	1,288

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Transmedics, Inc.	Surgical Devices	Equity	Preferred Series B	88,961	1,100	405
	Surgical Devices	Equity	Preferred Series C	119,999	300	309
	Surgical Devices	Equity	Preferred Series D	260,000	650	1,018
	Surgical Devices	Equity	Preferred Series F	100,200	500	550
Total Transmedics, Inc.				569,160	2,550	2,282
Subtotal: Surgical Devices (0.47%)*					4,223	3,570
Sustainable and Renewable Technology						
Glori Energy, Inc. ⁽³⁾	Sustainable and Renewable Technology	Equity	Common Stock	18,208	165	2
Modumetal, Inc.	Sustainable and Renewable Technology	Equity	Preferred Series C	3,107,520	500	498
Flywheel Building Intelligence, Inc. (p.k.a. SCIEnergy, Inc.)	Sustainable and Renewable Technology	Equity	Common Stock	19,250	761	—
Sungevity, Inc. ⁽¹⁵⁾	Sustainable and Renewable Technology	Equity	Preferred Series D	68,807,339	6,750	6,750
TPI Composites, Inc. ⁽³⁾	Sustainable and Renewable Technology	Equity	Common Stock	78,018	273	1,659
Subtotal: Sustainable and Renewable Technology (1.18%)*					8,449	8,909
Subtotal: Equity					69,121	68,751

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2016

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Warrant Investments						
Biotechnology Tools						
Exicure, Inc.	Biotechnology Tools	Warrant	Preferred Series C	104,348	\$107	\$176
Labcyte, Inc. ⁽¹⁵⁾	Biotechnology Tools	Warrant	Preferred Series C	1,127,624	323	450
Subtotal: Biotechnology Tools (0.08%)*					430	626
Communications & Networking						
Intelepeer, Inc. ⁽¹⁵⁾	Communications & Networking	Warrant	Common Stock	117,958	102	—
OpenPeak, Inc.	Communications & Networking	Warrant	Common Stock	108,982	149	—
PeerApp, Inc.	Communications & Networking	Warrant	Preferred Series B	298,779	61	13
Peerless Network, Inc.	Communications & Networking	Warrant	Preferred Series A	135,000	95	367
SkyCross, Inc. ⁽⁶⁾⁽¹⁵⁾	Communications & Networking	Warrant	Preferred Series F	9,762,777	394	—
Spring Mobile Solutions, Inc.	Communications & Networking	Warrant	Preferred Series D	2,834,375	418	15
Subtotal: Communications & Networking (0.05%)*					1,219	395
Consumer & Business Products						
Antenna79 (p.k.a. Pong Research Corporation) ⁽¹⁵⁾	Consumer & Business Products	Warrant	Preferred Series A	1,662,441	228	—
Intelligent Beauty, Inc. ⁽¹⁵⁾	Consumer & Business Products	Warrant	Preferred Series B	190,234	230	378
IronPlanet, Inc.	Consumer & Business Products	Warrant	Preferred Series D	1,155,821	1,076	6,220
Nasty Gal ⁽¹⁵⁾	Consumer & Business Products	Warrant	Preferred Series C	845,194	23	—

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The Neat Company ⁽¹⁵⁾	Consumer & Business Products	Warrant	Preferred Series C-1	540,540	365	—
Subtotal: Consumer & Business Products (0.88%)*					1,922	6,598
Diagnostic						
Navidea Biopharmaceuticals, Inc. (p.k.a. Neoprobe) ⁽³⁾⁽¹⁵⁾	Diagnostic	Warrant	Common Stock	333,333	244	30
Subtotal: Diagnostic (0.00%)*					244	30
Drug Delivery						
AcelRx Pharmaceuticals, Inc. ⁽³⁾⁽⁹⁾⁽¹⁵⁾	Drug Delivery	Warrant	Common Stock	176,730	785	219
Agile Therapeutics, Inc. ⁽³⁾	Drug Delivery	Warrant	Common Stock	180,274	730	419
Aprecia Pharmaceuticals Company	Drug Delivery	Warrant	Preferred Series A-1	735,981	366	301
BIND Therapeutics, Inc. ⁽³⁾⁽¹⁵⁾	Drug Delivery	Warrant	Common Stock	152,586	488	—
BioQ Pharma Incorporated	Drug Delivery	Warrant	Common Stock	459,183	1	668
Celsion Corporation ⁽³⁾	Drug Delivery	Warrant	Common Stock	194,986	428	2
Dance Biopharm, Inc. ⁽¹⁵⁾	Drug Delivery	Warrant	Common Stock	110,882	74	—
Edge Therapeutics, Inc. ⁽³⁾	Drug Delivery	Warrant	Common Stock	78,595	390	292
Kaleo, Inc. (p.k.a. Intelliject, Inc.)	Drug Delivery	Warrant	Preferred Series B	82,500	594	413
Neos Therapeutics, Inc. ⁽³⁾⁽¹⁵⁾	Drug Delivery	Warrant	Common Stock	70,833	285	27
Pulmatrix Inc. ⁽³⁾	Drug Delivery	Warrant	Common Stock	25,150	116	2
ZP Opco, Inc (p.k.a. Zosano Pharma) ⁽³⁾	Drug Delivery	Warrant	Common Stock	72,379	266	—
Subtotal: Drug Delivery (0.31%)*					4,523	2,343

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2016

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Drug Discovery & Development						
ADMA Biologics, Inc. ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	89,750	\$295	\$107
Anthera Pharmaceuticals, Inc. ⁽³⁾⁽¹⁵⁾	Drug Discovery & Development	Warrant	Common Stock	40,178	984	—
Auris Medical Holding, AG ⁽³⁾⁽⁴⁾⁽⁹⁾	Drug Discovery & Development	Warrant	Common Stock	156,726	249	99
Aveo Pharmaceuticals, Inc. ⁽³⁾⁽⁹⁾	Drug Discovery & Development	Warrant	Common Stock	2,069,880	396	418
Brickell Biotech, Inc.	Drug Discovery & Development	Warrant	Preferred Series C	26,086	119	72
Cerecor, Inc. ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	22,328	70	12
Cerulean Pharma, Inc. ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	171,901	369	33
Chroma Therapeutics, Ltd. ⁽⁴⁾⁽⁹⁾	Drug Discovery & Development	Warrant	Preferred Series D	325,261	490	—
Cleveland BioLabs, Inc. ⁽³⁾⁽¹⁵⁾	Drug Discovery & Development	Warrant	Common Stock	7,813	105	—
Concert Pharmaceuticals, Inc. ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	70,796	367	48
CTI BioPharma Corp. (p.k.a. Cell Therapeutics, Inc.) ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	292,398	165	6

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CytRx Corporation ⁽³⁾⁽¹⁵⁾	Drug Discovery & Development	Warrant	Common Stock	634,146	416	149
Dicerna Pharmaceuticals, Inc. ⁽³⁾⁽¹⁵⁾	Drug Discovery & Development	Warrant	Common Stock	200	28	—
Epirus Biopharmaceuticals, Inc. ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	64,194	276	—
Fortress Biotech, Inc. (p.k.a. Coronado Biosciences, Inc.) ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	73,009	142	13
Genocea Biosciences, Inc. ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	73,725	266	108
Immune Pharmaceuticals ⁽³⁾	Drug Discovery & Development	Warrant	Common Stock	214,853	164	—
Mast Therapeutics, Inc. ⁽³⁾⁽¹⁵⁾	Drug Discovery & Development	Warrant	Common Stock	2,272,724	203	114
Melinta Therapeutics	Drug Discovery & Development	Warrant	Preferred Series 3	1,382,323	626	211
Nanotherapeutics, Inc. ⁽¹⁵⁾	Drug Discovery & Development	Warrant	Common Stock	171,389	838	949
Neothetics, Inc. (p.k.a. Lithera, Inc) ⁽³⁾⁽¹⁵⁾	Drug Discovery & Development	Warrant	Common Stock	46,838	266	22
Neuralstem, Inc. ⁽³⁾⁽¹⁵⁾	Drug Discovery & Development	Warrant	Common Stock	75,187	77	2
Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.) ⁽³⁾⁽¹⁵⁾	Drug Discovery & Development	Warrant	Common Stock	16,346	42	14
PhaseRx, Inc. ⁽³⁾⁽¹⁵⁾	Drug Discovery & Development	Warrant	Common Stock	63,000	125	39
uniQure B.V. ⁽³⁾⁽⁴⁾⁽⁹⁾	Drug Discovery & Development	Warrant	Common Stock	37,174	218	24
XOMA Corporation ⁽³⁾⁽⁹⁾⁽¹⁵⁾	Drug Discovery & Development	Warrant	Common Stock	181,268	279	22
Subtotal: Drug Discovery & Development (0.33%)					7,575	2,462
Electronics & Computer Hardware						
Clustrix, Inc.	Electronics & Computer	Warrant	Common Stock	50,000	12	—

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Persimmon Technologies	Hardware Electronics & Computer Hardware	Warrant	Preferred Series C	43,076	40	—
Subtotal: Electronics & Computer Hardware (0.00%)*					52	—
Healthcare Services, Other						
Chromadex Corporation ⁽³⁾⁽⁹⁾⁽¹⁵⁾	Healthcare Services, Other	Warrant	Common Stock	139,673	157	115
Subtotal: Healthcare Services, Other (0.02%)*					157	115
Information Services						
Cha Cha Search, Inc. ⁽¹⁵⁾	Information Services	Warrant	Preferred Series G	48,232	58	—
INMOBI Inc. ⁽⁴⁾⁽⁹⁾	Information Services	Warrant	Common Stock	46,874	82	—
InXpo, Inc. ⁽¹⁵⁾	Information Services	Warrant	Preferred Series C	648,400	98	2
	Information Services	Warrant	Preferred Series C-1	1,165,183	74	—
Total InXpo, Inc.				1,813,583	172	2
RichRelevance, Inc. ⁽¹⁵⁾	Information Services	Warrant	Preferred Series E	112,612	98	—
Subtotal: Information Services (0.00%)*					410	2

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2016

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Internet Consumer & Business Services						
Aria Systems, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series E	239,692	\$73	\$—
Blurb, Inc. ⁽¹⁵⁾	Internet Consumer & Business Services	Warrant	Preferred Series C	234,280	636	95
CashStar, Inc. ⁽¹⁵⁾	Internet Consumer & Business Services	Warrant	Preferred Series C-2	727,272	130	19
CloudOne, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series E	968,992	19	30
Just Fabulous, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series B	206,184	1,102	1,166
Lightspeed POS, Inc. ⁽⁴⁾⁽⁹⁾	Internet Consumer & Business Services	Warrant	Preferred Series C	245,610	20	75
LogicSource ⁽¹⁵⁾	Internet Consumer & Business Services	Warrant	Preferred Series C	79,625	30	65
Oportun (p.k.a. Progress Financial)	Internet Consumer & Business Services	Warrant	Preferred Series G	174,562	78	135
Prism Education Group, Inc. ⁽¹⁵⁾	Internet Consumer & Business Services	Warrant	Preferred Series B	200,000	43	—
ShareThis, Inc. ⁽¹⁵⁾	Internet Consumer & Business Services	Warrant	Preferred Series C	493,502	547	1
Snagajob.com, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series A	1,575,000	640	716

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Tapjoy, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series D	748,670	316	177
Tectura Corporation	Internet Consumer & Business Services	Warrant	Preferred Series B-1	253,378	51	—
Subtotal: Internet Consumer & Business Services (0.33%)*					3,685	2,479
Media/Content/Info						
Machine Zone, Inc. ⁽¹⁶⁾	Media/Content/Info	Warrant	Common Stock	1,552,710	1,958	2,793
Rhapsody International, Inc. ⁽¹⁵⁾	Media/Content/Info	Warrant	Common Stock	715,755	385	101
WP Technology, Inc. (Wattpad, Inc.) ⁽⁴⁾⁽⁹⁾	Media/Content/Info	Warrant	Common Stock	127,909	1	1
Zoom Media Group, Inc.	Media/Content/Info	Warrant	Preferred Series A	1,204	348	11
Subtotal: Media/Content/Info (0.39%)*					2,692	2,906
Medical Devices & Equipment						
Amedica Corporation ⁽³⁾⁽¹⁵⁾	Medical Devices & Equipment	Warrant	Common Stock	103,225	459	32
Aspire Bariatrics, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Warrant	Preferred Series D	395,000	455	262
Avedro, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Warrant	Preferred Series AA	300,000	401	241
Flowonix Medical Incorporated	Medical Devices & Equipment	Warrant	Preferred Series E	155,325	362	430
Gamma Medica, Inc.	Medical Devices & Equipment	Warrant	Preferred Series A	450,956	170	239
Gelesis, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Warrant	Preferred Series A-1	74,784	78	219
InspireMD, Inc. ⁽³⁾⁽⁴⁾⁽⁹⁾	Medical Devices & Equipment	Warrant	Common Stock	984,111	242	14
IntegenX, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Warrant	Preferred Series C	547,752	15	29
Medrobotics Corporation ⁽¹⁵⁾	Medical Devices & Equipment	Warrant	Preferred Series E	455,539	370	375
Micell Technologies, Inc.	Medical Devices & Equipment	Warrant	Preferred Series D-2	84,955	262	371
NetBio, Inc.	Medical Devices & Equipment	Warrant	Common Stock	2,568	408	39
NinePoint Medical, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Warrant	Preferred Series A-1	587,840	170	82
Optiscan Biomedical, Corp. ⁽⁵⁾⁽¹⁵⁾		Warrant		10,535,275	1,252	168

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	Medical Devices & Equipment		Preferred Series D			
Outset Medical, Inc. (p.k.a. Home Dialysis Plus, Inc.)	Medical Devices & Equipment	Warrant	Preferred Series A	500,000	402	429
Quanterix Corporation	Medical Devices & Equipment	Warrant	Preferred Series C	173,428	180	135
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.) ⁽³⁾	Medical Devices & Equipment	Warrant	Common Stock	69,320	402	—
ViewRay, Inc. ⁽³⁾⁽¹⁵⁾	Medical Devices & Equipment	Warrant	Common Stock	128,231	333	31
Subtotal: Medical Devices & Equipment (0.41%)*					6,149	3,096
Semiconductors						
Achronix Semiconductor Corporation ⁽¹⁵⁾	Semiconductors	Warrant	Preferred Series C	360,000	160	62
	Semiconductors	Warrant	Preferred Series D-1	500,000	7	17
Total Achronix Semiconductor Corporation				860,000	167	79
Aquantia Corp.	Semiconductors	Warrant	Preferred Series G	196,831	4	70
Avnera Corporation	Semiconductors	Warrant	Preferred Series E	141,567	46	82
Subtotal: Semiconductors (0.03%)*					217	231

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2016

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Software						
Actifio, Inc.	Software	Warrant	Common Stock	73,584	\$249	\$137
	Software	Warrant	Preferred Series F	31,673	343	76
Total Actifio, Inc.				105,257	592	213
Braxton Technologies, LLC	Software	Warrant	Preferred Series A	168,750	188	—
CareCloud Corporation ⁽¹⁵⁾	Software	Warrant	Preferred Series B	413,433	258	524
Clickfox, Inc. ⁽¹⁵⁾	Software	Warrant	Preferred Series B	1,038,563	330	67
	Software	Warrant	Preferred Series C	592,019	730	81
	Software	Warrant	Preferred Series C-A	2,218,214	230	144
Total Clickfox, Inc.				3,848,796	1,290	292
Evernote Corporation ⁽¹⁵⁾	Software	Warrant	Common Stock	62,500	106	106
Hillcrest Laboratories, Inc. ⁽¹⁵⁾	Software	Warrant	Preferred Series E	1,865,650	55	136
JumpStart Games, Inc. (p.k.a Knowledge Holdings, Inc.) ⁽¹⁵⁾	Software	Warrant	Preferred Series E	614,333	16	—
Mattersight Corporation ⁽³⁾	Software	Warrant	Common Stock	357,143	538	490
Message Systems, Inc. ⁽¹⁵⁾	Software	Warrant	Preferred Series C	503,718	334	245
Mobile Posse, Inc. ⁽¹⁵⁾	Software	Warrant	Preferred Series C	396,430	130	91
Neos, Inc. ⁽¹⁵⁾	Software	Warrant	Common Stock	221,150	22	100
NewVoiceMedia Limited ⁽⁴⁾⁽⁹⁾	Software	Warrant	Preferred Series E	225,586	33	79

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OneLogin, Inc. ⁽¹⁵⁾	Software	Warrant	Common Stock	228,972	150	241
Poplicus, Inc. ⁽¹⁵⁾	Software	Warrant	Preferred Series C	2,595,230	—	81
Quid, Inc. ⁽¹⁵⁾	Software	Warrant	Preferred Series D	71,576	1	4
Signpost, Inc. ⁽¹⁵⁾	Software	Warrant	Preferred Series C	324,005	314	276
Soasta, Inc. ⁽¹⁵⁾	Software	Warrant	Preferred Series E	410,800	691	250
Sonian, Inc. ⁽¹⁵⁾	Software	Warrant	Preferred Series C	185,949	106	61
Subtotal: Software (0.42%)*					4,824	3,189
Specialty Pharmaceuticals						
Alimera Sciences, Inc. ⁽³⁾	Specialty Pharmaceuticals	Warrant	Common Stock	1,258,993	728	586
QuatRx Pharmaceuticals Company	Specialty Pharmaceuticals	Warrant	Preferred Series E	155,324	308	—
Subtotal: Specialty Pharmaceuticals (0.08%)*					1,036	586
Surgical Devices						
Gynesonics, Inc. ⁽¹⁵⁾	Surgical Devices	Warrant	Preferred Series C	180,480	75	16
	Surgical Devices	Warrant	Preferred Series D	1,575,965	320	268
Total Gynesonics, Inc.				1,756,445	395	284
Transmedics, Inc.	Surgical Devices	Warrant	Preferred Series B	40,436	225	10
	Surgical Devices	Warrant	Preferred Series D	175,000	100	439
	Surgical Devices	Warrant	Preferred Series F	50,544	38	52
Total Transmedics, Inc.				265,980	363	501
Subtotal: Surgical Devices (0.10%)*					758	785

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

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(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Sustainable and Renewable Technology						
Agrivida, Inc. ⁽¹⁵⁾	Sustainable and Renewable Technology	Warrant	Preferred Series D	471,327	\$ 120	\$ 124
Alphabet Energy, Inc. ⁽¹⁵⁾	Sustainable and Renewable Technology	Warrant	Preferred Series A	86,329	82	—
American Superconductor Corporation ⁽³⁾	Sustainable and Renewable Technology	Warrant	Common Stock	58,823	39	85
Brightsource Energy, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series 1	116,667	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	74
Fluidic, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series D	61,804	102	47
Fulcrum Bioenergy, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series C-1	280,897	275	213
GreatPoint Energy, Inc. ⁽¹⁵⁾	Sustainable and Renewable Technology	Warrant	Preferred Series D-1	393,212	548	—
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	307

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Rive Technology, Inc. ⁽¹⁵⁾	Sustainable and Renewable Technology	Warrant	Preferred Series E	234,477	12	4	
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 SCIEnergy, Inc.				537,040	231	—	
Beamreach Solar (p.k.a. Solexel, Inc.) ⁽¹⁵⁾	Sustainable and Renewable Technology	Warrant	Preferred Series C	1,171,625	1,162	704	
Stion Corporation ⁽⁵⁾	Sustainable and Renewable Technology	Warrant	Preferred Series Seed	2,154	1,378	—	
Sungevity, Inc.	Sustainable and Renewable Technology	Warrant	Common Stock	20,000,000	543	5	
	Sustainable and Renewable Technology	Warrant	Preferred Series C	32,472,222	902	—	
Total Sungevity, Inc.				52,472,222	1,445	5	
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	230	
Trilliant, Inc. ⁽¹⁵⁾	Sustainable and Renewable Technology	Warrant	Preferred Series A	320,000	162	102	
Subtotal: Sustainable and Renewable Technology (0.25%)*					7,348	1,895	
Total: Warrant Investments (3.68%)*					43,241	27,738	
Total Investments (175.24%)*					\$1,388,244	\$1,320,610	

* Value as a percent of net assets

- (1) Preferred and common stock, warrants, and equity interests are generally non-income producing.
- (2) Gross unrealized appreciation, gross unrealized depreciation, and net depreciation for federal income tax purposes totaled \$28.1 million, \$96.1 million and \$68.0 million respectively. The tax cost of investments is \$1.4 billion.
- (3) Except for warrants in 39 publicly traded companies and common stock in 22 publicly traded companies, all investments are restricted at September 30, 2016 and were valued at fair value 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.
- (4) Non-U.S. company or the company's principal place of business is outside the United States.
- (5) 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.
- (6)

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.

- (7) Debt is on non-accrual status at September 30, 2016, and is therefore considered non-income producing. Note that at September 30, 2016, only the \$11.0 million PIK loan is on non-accrual for the Company's debt investment in Tectura Corporation.
- (8) Denotes that all or a portion of the debt investment is convertible debt.
- (9) Indicates assets that the Company deems not "qualifying assets" under section 55(a) of the 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.
- (10) Denotes that all or a portion of the debt investment secures the notes offered in the Debt Securitization (as defined in Note 4).
- (11) Denotes that all or a portion of the debt investment is pledged as collateral under the Wells Facility (as defined in Note 4).
- (12) Denotes that all or a portion of the debt investment is pledged as collateral under the Union Facility (as defined in Note 4).
- (13) Denotes that all or a portion of the debt investment principal includes accumulated PIK, or payment-in-kind, interest and is net of repayments.
- (14) Denotes that all or a portion of the debt investment includes an exit fee receivable.
- A. This fee ranges from 1.0% to 5.0% of the total debt commitment based on the contractual terms of our loan servicing agreements.
- B. This fee ranges from 5.0% to 10.0% of the total debt commitment based on the contractual terms of our loan servicing agreements.
- C. This fee ranges from 10.0% to 15.0% of the total debt commitment based on the contractual terms of our loan servicing agreements.
- D. This fee is greater than 15.0% of the total debt commitment based on the contractual terms of our loan servicing agreements.
- (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 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 September 30, 2016.
- (17) Denotes that there is an unfunded contractual commitment available at the request of this portfolio company at September 30, 2016. Refer to Note 10.

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2015

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor	Principal Amount	Cost ⁽²⁾	Value ⁽³⁾
Debt Investments							
Communications & Networking							
1-5 Years Maturity							
Avanti Communications Group ⁽⁴⁾⁽⁹⁾	Communications & Networking	Senior Secured	October 2019	Interest rate FIXED 10.00%	\$10,000	\$8,900	\$7,812
OpenPeak, Inc. ⁽⁷⁾	Communications & Networking	Senior Secured	April 2017	Interest rate PRIME + 8.75% or Floor rate of 12.00%	\$12,370	9,134	2,444
KeyCross, Inc. ⁽⁷⁾⁽¹²⁾⁽¹³⁾⁽¹⁴⁾	Communications & Networking	Senior Secured	January 2018	Interest rate PRIME + 7.70% or Floor rate of 10.95%, PIK Interest 5.00%	\$19,649	20,080	14,859
Spring Mobile Solutions, Inc. ⁽¹³⁾	Communications & Networking	Senior Secured	January 2019	Interest rate PRIME + 6.70% or Floor rate of 9.95%	\$3,000	2,935	2,935
Subtotal: 1-5 Years Maturity						41,049	28,050
Subtotal: Communications & Networking (3.91%)*						41,049	28,050
Consumer & Business Products							
Under 1 Year Maturity							
Antenna79 (p.k.a. Pong Research Corporation) ⁽¹²⁾⁽¹⁴⁾	Consumer & Business Products	Senior Secured	June 2016	Interest rate PRIME + 8.75% or Floor rate of 12.00%	\$308	308	308
Subtotal: Under 1 Year Maturity						308	308
1-5 Years Maturity							
Antenna79 (p.k.a. Pong Research Corporation) ⁽¹²⁾⁽¹³⁾⁽¹⁴⁾	Consumer & Business Products	Senior Secured	December 2017	Interest rate PRIME + 6.75% or Floor rate of 10.00%,	\$4,955	4,785	4,783

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				PIK Interest 2.50%			
Files, Inc. (p.k.a. Fluc, Inc.) (8)	Consumer & Business Products	Convertible Debt	March 2017	Interest rate FIXED 4.00%			
					\$ 100	100	—
asty Gal (13)(14)	Consumer & Business Products	Senior Secured	May 2019	Interest rate PRIME + 5.45%			
				or Floor rate of 8.95%	\$ 15,000	14,876	14,876
he Neat Company (7)(12)(13)(14)	Consumer & Business Products	Senior Secured	September 2017	Interest rate PRIME + 7.75%			
				or Floor rate of 11.00%,			
				PIK Interest 1.00%	\$ 15,936	15,545	5,527
Subtotal: 1-5 Years Maturity						35,306	25,186
Subtotal: Consumer & Business Products (3.55%)*						35,614	25,494

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2015

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor	Principal Amount	Cost ⁽²⁾	Value ⁽³⁾
Drug Delivery							
1-5 Years Maturity							
AcelRx Pharmaceuticals, Inc. ⁽⁹⁾⁽¹⁰⁾⁽¹³⁾⁽¹⁴⁾	Drug Delivery	Senior Secured	October 2017	Interest rate PRIME + 3.85% or Floor rate of 9.10%	\$20,466	\$20,772	\$20,678
Agile Therapeutics, Inc. ⁽¹⁰⁾⁽¹³⁾	Drug Delivery	Senior Secured	December 2018	Interest rate PRIME + 4.75% or Floor rate of 9.00%	\$16,500	16,231	16,107
BIND Therapeutics, Inc. ⁽¹³⁾⁽¹⁴⁾	Drug Delivery	Senior Secured	July 2018	Interest rate PRIME + 5.10% or Floor rate of 8.35%	\$15,000	15,119	15,044
BioQ Pharma Incorporated ⁽¹⁰⁾⁽¹³⁾	Drug Delivery	Senior Secured	May 2018	Interest rate PRIME + 8.00% or Floor rate of 11.25%	\$10,000	10,180	10,066
	Drug Delivery	Senior Secured	May 2018	Interest rate PRIME + 7.00% or Floor rate of 10.50%	\$3,000	2,962	2,962
Total BioQ Pharma Incorporated					\$13,000	13,142	13,028
Celator Pharmaceuticals, Inc. ⁽¹⁰⁾⁽¹³⁾	Drug Delivery	Senior Secured	June 2018	Interest rate PRIME + 6.50% or Floor rate of 9.75%	\$14,573	14,594	14,609
Celsion Corporation ⁽¹⁰⁾⁽¹³⁾							