Hercules Capital, Inc.
Form 497
January 16, 2018
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This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, as amended, but is not complete and may be changed. This preliminary prospectus supplement is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JANUARY 16, 2018

PRELIMINARY PROSPECTUS SUPPLEMENT

(To prospectus dated September 7, 2017)

$

4.625% Notes due 2022

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 $ in aggregate principal amount of 4.625% Notes due 2022, or the Notes. The Notes will mature on October 23, 2022. We will pay interest on the Notes on April 23 and October 23 of each year, beginning on April 23, 2018.

The Notes offered hereby are a further issuance of the 4.625% notes due 2022 that we issued on October 23, 2017 in the aggregate principal amount of $150,000,000, or the Existing Notes. The Notes offered hereby will be treated as a single series with the Existing Notes under the Indenture (as defined herein) and will have the same terms as the Existing Notes. The Notes offered hereby will have the same CUSIP number and will be fungible and rank equally with the Existing Notes. Upon the issuance of the Notes offered hereby, the outstanding aggregate principal amount of our 4.625% notes due 2022 will be $. Interest on the Notes offered hereby will accrue from October 23, 2017. Unless the context otherwise requires, references herein to the Notes include the Notes offered hereby and the Existing Notes.

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 Description of Notes and the Offering Optional Redemption in this prospectus supplement. In addition, holders of the Notes can require us to repurchase the Notes at 100% of their principal amount upon the occurrence of a Change of Control Repurchase Event (as defined herein). The Notes will be issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The Notes will be our 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.

An investment in the Notes involves risks that are described in the Supplementary Risk Factors section beginning on page S-18 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 offered hereby. 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(1)	%	$
Sales load (underwriting discounts and commissions)	%	$
Proceeds to us (before expenses)(2)	%	$

(1) The public offering price set forth above does not include accrued interest of $ in the aggregate from October 23, 2017 up to, but not including, the date of delivery of the Notes offered hereby, which will be paid by the purchasers of the Notes offered hereby. On April 23, 2018, we will pay this pre-issuance accrued interest to the holders of the Notes offered hereby.

(2) Before deducting expenses payable by us related to this offering, estimated at $. See Underwriting in this prospectus supplement for complete details of underwriters compensation.

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 SEC 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 January , 2018.

Joint Book-Running Managers

Citigroup **Jefferies** **Wells Fargo Securities**

The date of this prospectus supplement is January , 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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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 Capital, Hercules, we, us and our refer to Hercules Capital, Inc. and our wholly-owned subsidiaries.

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, or BDC, 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 September 30, 2017, our total assets were approximately $1.6 billion, of which our investments comprised $1.4 billion at fair value and $1.5 billion at cost. Since inception through September 30, 2017, we have made debt and equity commitments of more than $7.0 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 $107.9 million and $279.9 million in assets, respectively, and accounted for approximately 5.4% and 13.9% of our total assets, respectively, prior to consolidation at September 30, 2017. At September 30, 2017, 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 September 30, 2017, our investment professionals, including Manuel A. Henriquez, our co-founder, Chairman, President and Chief Executive Officer, are currently comprised of 34 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 January 10, 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 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.

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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 provides 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 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

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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

Distribution Declaration

On October 25, 2017, our board of directors, or the Board of Directors, declared a cash distribution of $0.31 per share. The cash distribution was paid on November 20, 2017 to stockholders of record as of November 13, 2017. This distribution represented our forty-ninth consecutive distribution since our initial public offering, bringing the total cumulative distribution to date to $13.71 per share.

Closed and Pending Commitments

As of January 10, 2018, we have:

- Closed debt and equity commitments of approximately $365.5 million to new and existing portfolio companies and funded approximately $313.8 million subsequent to September 30, 2017.

- Pending commitments (signed non-binding term sheets) of approximately $122.0 million.

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

Closed Commitments and Pending Commitments (in millions)	
January 1 September 30, 2017 Closed Commitments	$ 551.4
October 1, 2017 January 10, 2018 Closed Commitments[a]	$ 365.5
Pending Commitments (as of January 10, 2018)[b]	$ 122.0
Closed and Pending Commitments as of January 10, 2018	$ 1,038.9

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.

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b. Not all pending commitments (signed non-binding term sheets) are expected to close and they do not necessarily represent any future cash requirements.

Strong Originations Momentum Continued in Q4 2017

Closed total new debt and equity commitments of approximately $330.6 million to twenty five (25) companies including twenty (20) new and five (5) existing portfolio companies in Q4 2017. Closed total new debt and equity commitments of approximately $882.0 million for the year ended December 31, 2017.

Early loan pay-offs, or unscheduled principal repayments of approximately $124.2 million, for Q4 2017. Early loan pay-offs for the year ended December 31, 2017 of approximately $505.6 million.

Existing Notes

On October 23, 2017, we issued $150.0 million in aggregate principal amount of the Existing Notes. The Existing Notes were issued pursuant to an Indenture, dated October 23, 2017, or the Indenture, between us and U.S. Bank, National Association, as trustee, or the Trustee. The sale of the Existing Notes generated net proceeds to us of approximately $147.6 million. Aggregate estimated offering expenses in connection with the transaction, including the underwriter discounts and commissions of approximately $1.0 million, were approximately $1.5 million.

We used the net proceeds from the offering (i) to redeem a portion of our 6.25% notes due 2024, or the 2024 Notes, on November 23, 2017 as described below, (ii) to fund investments in debt and equity securities in accordance with our investment objective and (iii) for working capital and other general corporate purposes.

The Notes offered hereby will be treated as a single series with the Existing Notes under the Indenture and will have the same terms as the Existing Notes. See Description of Notes.

Redemption of 2024 Notes

On October 24, 2017, our Board of Directors approved a redemption of $75.0 million of our outstanding aggregate principal amount of the 2024 Notes, which were redeemed on November 23, 2017. We intend to use a portion of the proceeds of this offering to redeem the outstanding 2024 Notes.

Appointment of Directors

On October 25, 2017, our Board of Directors appointed Jorge Titinger and Brad Koenig as directors of the Company. Following their appointment, both Mr. Titinger and Mr. Koenig were each entitled to the applicable annual retainer pursuant to our director compensation arrangements, under terms consistent with those previously disclosed by the Company. They are also entitled to enter an indemnification agreement with the Company.

Mr. Titinger s Board appointment became effective at the time of the 2017 Annual Meeting of Stockholders, or the Annual Meeting, and he filled the position vacated by Susanne Lyons who stepped down at the Annual Meeting. His appointment was ratified at the Annual Meeting as a Class I director for a term expiring in 2020. At the time Mr. Titinger joined the Board of Directors, he was appointed to the Compensation Committee and serves as chairman of such committee.

Mr. Koenig s Board appointment was effective immediately and he will hold office as a Class II director for a term expiring in 2018. Following his appointment to the Board of Directors, Mr. Koenig was appointed to the Audit Committee and Nominating and Corporate Governance Committee, on which he now serves.

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ATM Equity Program Issuances

Between September 30, 2017 and January 10, 2018, we sold 1.0 million shares of our common stock for total accumulated net proceeds of approximately $13.0 million, including $118,300 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 January 10, 2018, approximately 10.2 million shares remain available for issuance and sale under the equity ATM program.

Departure of Officer

On October 27, 2017, we and Mark Harris mutually agreed that Mr. Harris would separate from the Company and end his tenure as Chief Financial Officer and Chief Accounting Officer effective November 2, 2017. Mr. Harris separation did not result from any disagreements with the Company regarding its operations, policies, practices or any issues regarding financial disclosures, accounting or legal matters.

Appointment of Officers

Effective October 31, 2017, the Board of Directors appointed David Lund, our former Chief Financial Officer, as our Interim Chief Financial Officer and Gerard R. Waldt, Jr., our current Controller, as our Interim Chief Accounting Officer.

Asset Acquisition

On November 1, 2017, we, through a wholly owned subsidiary, Bearcub Acquisitions LLC, entered into, and consummated the transactions contemplated by, a definitive asset purchase agreement with Ares Capital Corporation to acquire select venture loan assets for approximately $125.8 million in cash.

Management Structure

On May 3, 2017, we filed preliminary proxy materials with the SEC for a special meeting of stockholders to seek approval for a proposed advisory agreement with Hamilton Advisers LLC. However, after receiving feedback from our stockholders, on May 15, 2017, we decided to postpone the proposed special meeting of stockholders indefinitely and formally withdrew the proxy materials containing our proposal seeking stockholder approval of our plans to externalize our management structure to expand our ongoing review process. After evaluating alternatives, we have decided to suspend our review of alternative investment management structures and will remain an internally managed business development company for the foreseeable future.

Portfolio Company Developments

As of January 10, 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 and two companies which filed confidentially under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. There can be no assurance that these companies will complete their initial public offerings in a timely manner or at all. In addition, subsequent to September 30, 2017, our portfolio companies announced or completed the following liquidity events:

1. In August 2017, our portfolio companies Cempra, Inc. (NASDAQ: CEMP), a clinical-stage pharmaceutical company focused on developing differentiated anti-infectives for acute care and community settings to meet critical medical needs in the treatment of infectious diseases, and Melinta Therapeutics, Inc., a privately held company focused on discovering, developing, and commercializing novel antibiotics to treat serious bacterial infections, announced that the companies had entered into a

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definitive agreement under which Melinta will merge with a subsidiary of Cempra. The transaction closed on November 6, 2017. Melinta Therapeutics commenced trading on November 6, 2017 on the NASDAQ Global Market under the symbol MLNT. We committed $40.0 million in venture debt financing to Cempra from 2011 to 2014. We initially committed $30.0 million in venture debt financing to Melinta in December 2014 and held 1,914,448 shares of Preferred Series 4 stock and warrants for 1,382,323 shares of Preferred Series 3 stock as of September 30, 2017.

2. In November 2017, our portfolio company Sonian Inc., a leading provider of public cloud archiving and business insights, was acquired by Barracuda Networks, Inc. (NYSE: CUDA), a leading provider of cloud-enabled security and data protection solutions. Terms of the transaction were not disclosed. We initially committed $5.5 million in venture debt financing in December 2013 and held warrants for 185,949 shares of Preferred Series C stock as of September 30, 2017.

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 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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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 under the heading Description of Notes in this prospectus supplement and 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	4.625% Notes due 2022
Aggregate Principal Amount Being Offered	$

The Notes offered hereby are a further issuance of the Existing Notes. The Notes offered hereby will be treated as a single series with the Existing Notes under the Indenture and will have the same terms as the Existing Notes. The Notes offered hereby will have the same CUSIP number and will be fungible and rank equally with the Existing Notes. Upon the issuance of the Notes offered hereby, the outstanding aggregate principal amount of our 4.625% notes due 2022 will be $.

Initial Public Offering Price	% of the aggregate principal amount, plus accrued and unpaid interest from October 23, 2017 up to, but not including, the date of delivery.
Aggregate Accrued Interest	$ of accrued and unpaid interest from October 23, 2017 up to, but not including, the date of delivery.
Interest Rate	4.625%
Yield to Maturity	%
Trade Date	January , 2018
Settlement Date	January , 2018
Date Interest Starts Accruing on the Notes	October 23, 2017
Stated Maturity Date	October 23, 2022

Day Count Basis	360-day year of twelve 30-day months

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Interest Payment Dates	Each April 23 and October 23 commencing April 23, 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.
Regular Record Dates for Interest	Each April 8 and October 8.
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 unsecured obligations that rank senior in right of payment to all of our existing and future indebtedness that is expressly subordinated, or junior, in right of payment to the Notes. The Notes will not be guaranteed by any of our current or future subsidiaries. The Notes will rank *pari passu*, or equally, in right of payment with all of our existing and future liabilities that are not so subordinated, or junior. The Notes will effectively rank subordinated, or junior, to any of our secured indebtedness (including unsecured indebtedness that we later secure) to the extent of the value of the assets securing such indebtedness. The Notes will rank structurally subordinated, or junior, to all existing and future indebtedness (including trade payables) incurred by our subsidiaries, financing vehicles or similar facilities.

As of September 30, 2017, our total consolidated indebtedness was approximately $744.2 million, which included:

- approximately $258.5 million of the 2024 Notes; approximately $230.0 million in aggregate principal amount of 4.375% convertible notes due 2022 (the 2022 Convertible Notes).

- indebtedness and other obligations of any of our subsidiaries, including, without limitation, the indebtedness of HT II and HT III, borrowings under the $120.0 million revolving senior credit facility with Wells Fargo Capital Finance, LLC, or the Wells Facility, borrowings under the $75.0 million revolving senior secured credit facility with MUFG Union Bank, N.A., or the Union Bank Facility, and together with the Wells Facility, the Credit Facilities, and approximately $65.5 million of fixed rate asset-backed notes, or the 2021 Asset-Backed Notes, each as of September 30, 2017. Note that there were no borrowings outstanding under the Wells Facility or Union Bank Facility as of September 30, 2017.

We expect to use a portion of the proceeds of this offering to repurchase or redeem the outstanding 2024 Notes, see Use of Proceeds. After giving effect to the issuance of the Notes offered hereby and assuming the proceeds therefrom are used to repurchase or redeem the outstanding 2024 Notes, our total consolidated indebtedness would have been approximately $ million aggregate principal amount outstanding as of September 30, 2017. See Capitalization. Upon the issuance of the Notes offered hereby, the

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	outstanding aggregate principal amount of our 4.625% Notes due 2022 will be $.
Denominations	We will issue the Notes in denominations of $2,000 and integral multiples of $1,000 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.
Optional Redemption	We may redeem some or all of the Notes at any time, or from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes to be redeemed or (2) the sum of the present values of the remaining scheduled payments of principal and interest (exclusive of accrued and unpaid interest to the date of redemption) on the Notes to be redeemed, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) using the applicable Treasury Rate plus 45 basis points, plus, in each case, accrued and unpaid interest to the redemption date; *provided*, however, that if we redeem any Notes on or after September 23, 2022 (the date falling one month prior to the maturity date of the Notes), the redemption price for the Notes will be equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption.
	You may be prevented from exchanging or transferring the Notes when they are subject to redemption.
	If we are redeeming less than all of the Notes, the particular Notes to be redeemed will be selected in accordance with the applicable procedures of the Trustee and, so long as the Notes are registered to The Depository Trust Company or its nominee, DTC; provided, however, that no such partial redemption shall reduce the portion of the principal amount of a Note not redeemed to less than $2,000. Unless we default in payment of the redemption price, on and after the date of redemption, interest will cease to accrue on the Notes or portions of the Notes called for redemption.
Sinking Fund	The Notes will not be subject to any sinking fund. A sinking fund is a reserve fund accumulated over a period of time for the retirement of debt.
Offer to Purchase upon a Change of Control Repurchase Event	If a Change of Control Repurchase Event occurs prior to maturity, holders will have the right, at their option, to require us to repurchase for cash some or all of the Notes at a repurchase price equal to 100% of the principal amount of the Notes being repurchased, plus accrued and unpaid interest to, but not including, the repurchase date.

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Defeasance and Covenant Defeasance	The Notes are subject to defeasance by us, which means that, subject to the satisfaction of certain conditions, including, but not limited to, (i) depositing in trust for the benefit of the holders of the Notes a combination of money and/or U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the Notes on their various due dates and (ii) delivering to the Trustee an opinion of counsel as described herein under Description of Notes Satisfaction and Discharge; Defeasance, we can legally release ourselves from all payment and other obligations on the Notes.
	The Notes are subject to covenant defeasance by us, which means that, subject to the satisfaction of certain conditions, including, but not limited to, (i) depositing in trust for the benefit of the holders of the Notes a combination of money and/or U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the Notes on their various due dates and (ii) delivering to the Trustee an opinion of counsel as described herein under Description of Notes Satisfaction and Discharge; Defeasance, we will be released from some of the restrictive covenants in the indenture.
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, whether or not we are subject to, Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act or any successor provisions, giving effect to any exemptive relief granted to us by the SEC (even if we are no longer subject to the 1940 Act). 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% after such borrowings. See Risk Factor Risks Related to our Business Structure Legislation may allow us to incur additional leverage, in the accompanying prospectus.

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	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 (GAAP), as applicable.
Events of Default	If an event of default (as described herein under Description of Notes) on the Notes occurs, the principal amount of the Notes, plus accrued and unpaid interest, may be declared immediately due and payable, subject to conditions set forth in the indenture. These amounts automatically become due and payable in the case of certain types of bankruptcy or insolvency events involving us.
No Established Trading Market	We cannot assure you that an active and liquid market for the Notes will be established or maintained following the issuance of the Notes offered hereby. The Existing Notes are not and the Notes offered hereby will not be listed on any securities exchange or quoted on any automated dealer quotation system. Although the underwriters have informed us that they intend to make a market in the Notes, as permitted by applicable laws and regulations, they are not obligated to do so and may discontinue any such market making activities at any time without notice. See Underwriting. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.
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 $ million aggregate principal amount of Notes in this offering will be approximately $ million after deducting the underwriting discount of approximately $ payable by us and estimated offering expenses of approximately $ payable by us. We expect to use the net proceeds from this offering (i) to repurchase or redeem the

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	outstanding 2024 Notes, (ii) to fund investments in debt and equity securities in accordance with our investment objective, and (iii) for other general corporate purposes.
Governing Law	The Notes and the indenture will be 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, project believes, estimates, predicts, potential or continue or the negative of these terms or other similar expressions. Important assumptions include 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 BDC, 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. We undertake no obligation to update any forward-looking statement to reflect events or circumstances occurring after the date of this prospectus supplement.

You should not place undue reliance on these forward-looking statements. The forward-looking statements made in this prospectus supplement 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, as amended, or the Securities Act.

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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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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 2016, 2015, 2014, 2013, and 2012 and the financial statement of operations data for fiscal years 2016, 2015, 2014, 2013, and 2012 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 nine months ended September 30, 2017 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 nine months ended September 30, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017.

(in thousands, except per share amounts)	For the Nine Months Ended September 30 (unaudited) 2017	2016	For the Year Ended December 31, 2016	2015	2014	2013	2012
Investment income:							
Interest	$ 125,802	$ 116,047	$ 158,727	$ 140,266	$ 126,618	$ 123,671	$ 87,603
Fees	14,880	11,532	16,324	16,866	17,047	16,042	9,917
Total investment income	140,682	127,579	175,051	157,132	143,665	139,713	97,520
Operating expenses:							
Interest	28,046	23,306	32,016	30,834	28,041	30,334	19,835
Loan fees	5,500	3,698	5,042	6,055	5,919	4,807	3,917
General and administrative	12,362	12,095	16,106	16,658	10,209	9,354	8,108
Employee Compensation:							
Compensation and benefits	17,276	15,637	22,500	20,713	16,604	16,179	13,326
Stock-based compensation	5,573	5,616	7,043	9,370	9,561	5,974	4,227
Total employee compensation	22,849	21,253	29,543	30,083	26,165	22,153	17,553
Total operating expenses	68,757	60,352	82,707	83,630	70,334	66,648	49,413
Other income (loss)			8,000	(1)	(1,581)		
Net investment income	71,925	67,227	100,344	73,501	71,750	73,065	48,107
Net realized gain (loss) on investments	(26,929)	3,427	4,576	5,147	20,112	14,836	3,168
Net change in unrealized appreciation (depreciation) on investments	15,637	(16,072)	(36,217)	(35,732)	(20,674)	11,545	(4,516)
Total net realized and unrealized gain (loss)	(11,292)	(12,645)	(31,641)	(30,585)	(562)	26,381	(1,348)
Net increase in net assets resulting from operations	$ 60,633	$ 54,582	$ 68,703	$ 42,916	$ 71,188	$ 99,446	$ 46,759
Change in net assets per common share (basic)	$ 0.73	$ 0.74	$ 0.91	$ 0.60	$ 1.12	$ 1.67	$ 0.93
Distributions declared per common share	$ 0.93	$ 0.93	$ 1.24	$ 1.24	$ 1.24	$ 1.11	$ 0.95

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(in thousands, except per share amounts)	For the Nine Months Ended September 30 (unaudited) 2017	2016	For the Year Ended December 31, 2016	2015	2014	2013	2012
Balance sheet data:							
Investments, at value	$ 1,417,114	$ 1,320,610	$ 1,423,942	$ 1,200,638	$ 1,020,737	$ 910,295	$ 906,300
Cash and cash equivalents	140,568	69,012	13,044	95,196	227,116	268,368	182,994
Total assets	1,582,997	1,419,424	1,464,204	1,334,761	1,299,223	1,221,715	1,123,643
Total liabilities	746,713	665,835	676,260	617,627	640,359	571,708	607,675
Total net assets	836,284	753,589	787,944	717,134	658,864	650,007	515,968
Other Data:							
Total debt investments, at value	1,300,068	1,224,121	1,328,803	1,110,209	923,906	821,988	827,540
Total warrant investments, at value	32,729	27,738	27,485	22,987	25,098	35,637	29,550
Total equity investments, at value	84,317	68,751	67,654	67,442	71,733	52,670	49,210
Unfunded Commitments(2)	46,302	73,865	59,683	75,402	147,689	69,091	19,265
Net asset value per share(1)	$ 10.00	$ 9.86	$ 9.90	$ 9.94	$ 10.18	$ 10.51	$ 9.75

(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.

The following tables set forth certain quarterly financial information for each of the eight quarters up to and ending December 31, 2016 and the quarters ending March 31, 2017, June 30, 2017 and September 30, 2017. 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)	For the Quarter Ended (unaudited) September 30, 2017	June 30, 2017	March 31, 2017
Total investment income	$ 45,865	$ 48,452	$ 46,365
Net investment income before investment gains and losses	23,973	25,275	22,678
Net increase (decrease) in net assets resulting from operations	33,072	33,149	(5,588)
Change in net assets per common share (basic)	$ 0.40	$ 0.40	$ (0.07)

(in thousands, except per share data)	For the 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 before investment gains and losses	20,097	23,354	23,776	33,117
Net increase (decrease) in net assets resulting from operations	14,295	9,475	30,812	14,121
Change in net assets per common share (basic)	$ 0.20	$ 0.13	$ 0.41	$ 0.18

(in thousands, except per share data)	For the Quarter Ended March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015
Total investment income	$ 32,494	$ 38,126	$ 47,132	$ 39,380
Net investment income before investment gains and losses	12,993	16,781	23,590	20,137
Net increase (decrease) in net assets resulting from operations	21,919	2,752	4,075	14,170
Change in net assets per common share (basic)	$ 0.33	$ 0.03	$ 0.05	$ 0.20

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

The Notes are not 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 September 30, 2017, we had no outstanding borrowings 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 are 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 September 30, 2017, 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 the accompanying prospectus 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 are 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 September 30, 2017, we had no outstanding borrowings under our Wells Facility, no outstanding borrowings 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 governing the Notes contains limited protection for holders of the Notes.

The indenture governing the Notes 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 do 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% 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;

- 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;

- make investments; or

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

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 Credit Facilities and the 2024 Notes contain various covenants which, if not complied with, could accelerate

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repayment under the facility or require us to repurchase the 2024 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, 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.

We may not be able to repurchase the Notes upon a Change of Control Repurchase Event.

Upon the occurrence of a Change of Control Repurchase Event, as defined in the indenture that governs the Notes, as supplemented, subject to certain conditions, we will be required to offer to repurchase all outstanding Notes at 100% of their principal amount, plus accrued and unpaid interest. The source of funds for that purchase of Notes will be our available cash or cash generated from our operations or other potential sources, including borrowings, investment repayments, sales of assets or sales of equity. We cannot assure you that sufficient funds from such sources will be available at the time of any Change of Control Repurchase Event to make required repurchases of Notes tendered. The terms of certain of our and our subsidiaries financing arrangements provide that certain change of control events will constitute an event of default thereunder entitling the lenders to accelerate any indebtedness outstanding under the our and our subsidiaries financing arrangements at that time and to terminate the financing arrangements. In addition, the indenture governing our 2022 Convertible Notes contains a provision that would require us to offer to purchase the 2022 Convertible Notes upon the occurrence

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of a fundamental change. A failure to purchase any tendered 2022 Convertible Notes would constitute an event of default under the indenture for the 2022 Convertible Notes, which would, in turn, constitute a default under the Credit Facilities and the indenture. Our and our subsidiaries future debt instruments may also contain similar restrictions and provisions. If the holders of the Notes exercise their right to require us to repurchase Notes upon a Change of Control Repurchase Event, the financial effect of this repurchase could cause a default under our and our subsidiaries future debt instruments, even if the Change of Control Repurchase Event itself would not cause a default. It is possible that we will not have sufficient funds at the time of the Change of Control Repurchase Event to make the required repurchase of the Notes and/or our other debt. See Description of Notes Offer to Repurchase Upon a Change of Control Repurchase Event.

We cannot assure you that an active trading market for the Notes will be established or maintained, which could limit the market price of the Notes or your ability to sell them.

We cannot assure you that an active and liquid market for the Notes will be established or maintained. Although the underwriters have informed us that they intend to continue to make a market in the Notes, as permitted by applicable laws and regulations, they are not obligated to do so and may discontinue market making activities at their sole discretion at any time without notice. In addition, any market-making activity will be subject to limits imposed by law. The liquidity of the trading market in the Notes, and the market price quoted for the Notes, may be adversely affected by changes in the overall market for this type of security and by changes in our financial performance or prospects or in the prospects for companies in our industry generally or other factors. Accordingly, we cannot assure you that an active trading market for the Notes will be established or maintained, 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. If an active trading market is not established or maintained, the market price and liquidity of the Notes may be adversely affected. The Notes are not listed on any securities exchange or quoted on any automated dealer quotation system, and we do not intend to apply for a listing of the Notes on any securities exchange or any automated dealer quotation system.

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. 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.

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 2024 Notes prior to their redemption, 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

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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 2024 Notes prior to their redemption, 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 2024 Notes prior to their redemption, 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 2024 Notes prior to their redemption, 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 2024 Notes prior to their redemption, 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.

Significant U.S. federal tax legislation was recently enacted and the impact of this new legislation on the Company, on holders of the Notes, and on entities in which the Company may invest is uncertain.

Significant U.S. federal tax reform legislation was recently enacted that, among many other changes, permanently reduces the maximum federal corporate income tax rate, reduces the maximum individual income tax rate (effective for taxable years 2018 through 2025), restricts the deductibility of business interest expense, changes the rules regarding the calculation of net operating loss deductions that may be used to offset taxable income, and, under certain circumstances, requires accrual method taxpayers to recognize income for U.S. federal income tax purposes no later than the income is taken into account as revenue in an applicable financial statement. The new legislation also makes extensive changes to the U.S. international tax system. The impact of this new legislation on the Company, on holders of the Notes, and on entities in which the Company may invest is uncertain. Prospective investors are urged to consult their tax advisors regarding the effects of the new legislation on an investment in the Notes.

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USE OF PROCEEDS

We estimate that the net proceeds we will receive from the sale of the $ million aggregate principal amount of Notes in this offering will be approximately $ million, based on a public offering of % of par, and after deducting the underwriting discount of approximately $ payable by us and estimated offering expenses of approximately $ payable by us.

We expect to use the net proceeds from this offering (i) to repurchase or redeem the outstanding 2024 Notes, (ii) to fund investments in debt and equity securities in accordance with our investment objective, and (iii) for other general corporate purposes.

As of September 30, 2017, the aggregate principal balance of the 2024 Notes was approximately $258.5 million. On October 24, 2017, our Board of Directors approved a redemption of $75.0 million of the outstanding aggregate principal amount of the 2024 Notes, which were redeemed on November 23, 2017. We intend to use the proceeds of this offering to repurchase or redeem the outstanding 2024 Notes. 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 uses and investments, we will invest a portion of the net proceeds of this offering primarily in cash, cash equivalents, U.S. government securities or high-quality debt securities maturing in one year or less from the time of investment. Our ability to achieve our investment objectives may be limited to the extent that the net proceeds of this offering, pending full investment, are held in lower yielding short-term instruments.

The amount of net proceeds may be more or less than the amount described in this preliminary prospectus supplement depending on the amount of Notes we sell in the offering, which will be determined at pricing. To the extent that we receive more than the amount described in this preliminary prospectus supplement, we intend to use the net proceeds for investment in portfolio companies in accordance with our investment objective and strategies and for working capital and general corporate purposes. To the extent we receive less, the amount we have available for such purposes will be reduced.

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CAPITALIZATION

The following table sets forth (i) our actual capitalization as of September 30, 2017, and (ii) our capitalization as adjusted to give effect to the sale of $ million aggregate principal amount of Notes in this offering, after deducting the underwriting discounts and commissions of approximately $ payable by us and estimated offering expenses of approximately $ payable by us and the application of the net proceeds therefrom as described under Use of Proceeds. 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 September 30, 2017	
	Actual	As Adjusted[(2)]
	(in thousands)	
Investments at fair value	$ 1,417,114	$
Cash and cash equivalents	$ 140,568	$
Debt[(1)]:		
Accounts payable and accrued liabilities	$ 19,057	$
Long-term SBA debentures	187,983	
2022 Convertible Notes	223,097	
2021 Asset-Backed Notes	64,860	
2024 Notes	251,716	
Notes offered herein		
Total debt	$ 746,713	$
Stockholders equity:		
Common stock, par value $0.001 per share; 200,000,000 shares authorized; 83,614,624 shares issued and outstanding	$ 84	$
Capital in excess of par value	904,357	
Unrealized depreciation on investments	(73,388)	
Accumulated realized gains on investments	10,674	
Distributions in excess of investment income	(5,443)	
Total stockholders equity	$ 836,284	$
Total capitalization	$ 1,582,997	$

(1) The above table reflects the principal amount of indebtedness outstanding net of the associated debt issuance costs as of September 30, 2017. As of January 10, 2018, indebtedness under the Wells Facility, the Union Bank Facility, the 2022 Convertible Notes, the 2024 Notes, and the 2021 Asset-Backed Notes were $0 million, $0 million, $230.0 million, $183.5 million and $49.2 million, respectively. On October 23, 2017, we issued $150.0 million aggregate principal amount of the Existing Notes, the net proceeds of which were used to redeem a portion of our 2024 Notes, fund investments in debt and equity securities in accordance with our investment objective, and for other general corporate purposes. The net proceeds from the sale of the Notes in this offering are expected to be used to repurchase or redeem the outstanding 2024 Notes, fund investments in debt and equity securities in accordance with our investment objective, and for other general corporate purposes. See Use of Proceeds.

(2) The as adjusted amount reflects the November 23, 2017 redemption of $75.0 million of our outstanding aggregate principal amount of the 2024 Notes and the repurchase or redemption of the outstanding 2024 Notes in accordance with the Use of Proceeds as described herein. The as adjusted amount does not include the $150.0 million aggregate principal amount of Existing Notes issued on October 23, 2017.

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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 nine months ended September 30, 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	For the year ended December 31, 2012
Earnings to Fixed Charges[(1)]	2.81	2.85	2.16	3.10	3.83	2.97

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 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, 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.

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 net asset value 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 $107.9 million and $279.9 million in assets, respectively, and accounted for approximately 5.4% and 13.9% of our total assets, respectively, prior to consolidation at September 30, 2017. In aggregate, at September 30, 2017, 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 September 30, 2017, we have issued $190.2 million in SBA-guaranteed debentures in our SBIC subsidiaries.

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

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that we distribute as dividends for 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 $1.4 billion at both September 30, 2017 and December 31, 2016. The fair value of our debt investment portfolio was approximately $1.3 billion at both September 30, 2017 and December 31, 2016. The fair value of the equity portfolio at September 30, 2017 was approximately $84.3 million, compared to a fair value of approximately $67.6 million at December 31, 2016. The fair value of the warrant portfolio at September 30, 2017 was approximately $32.7 million, compared to a fair value of approximately $27.5 million at December 31, 2016.

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.

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

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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 nine months ended September 30, 2017 and the year ended December 31, 2016 was comprised of the following:

(in millions)	**September 30, 2017**	**December 31, 2016**
Debt Commitments(1)		
New portfolio company	$ 467.0	$ 624.0
Existing portfolio company	79.9	171.8
Total	$ 546.9	$ 795.8
Funded and Restructured Debt Investments(2)		
New portfolio company	$ 346.7	$ 479.0
Existing portfolio company	136.1	181.5
Total	$ 482.8	$ 660.5
Funded Equity Investments		
New portfolio company	$ 3.8	$ 17.1
Existing portfolio company	0.7	3.1
Total	$ 4.5	$ 20.2
Unfunded Contractual Commitments(3)		
Total	$ 46.3	$ 59.7
Non-Binding Term Sheets		
New portfolio company	$ 60.0	$ 55.0
Existing portfolio company	12.0	
Total	$ 72.0	$ 55.0

(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 nine months ended September 30, 2017, we received approximately $474.5 million in aggregate principal repayments. Of the approximately $474.5 million of aggregate principal repayments, approximately $93.1 million were scheduled principal payments and approximately $381.4 million were early principal repayments related to 38 portfolio companies. Of the approximately $381.4 million early principal repayments, approximately $74.2 million were early repayments due to merger and acquisition transactions for seven portfolio companies.

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Total portfolio investment activity (inclusive of unearned income and excluding activity related to taxes payable, escrow receivables and warrant participation liabilities) as of and for the nine months ended September 30, 2017 and the year ended December 31, 2016 was as follows:

(in millions)	September 30, 2017	December 31, 2016
Beginning portfolio	$ 1,423.9	$ 1,200.6
New fundings and restructures	487.3	680.7
Warrants not related to current period fundings	0.4	0.6
Principal payments received on investments	(93.1)	(111.2)
Early payoffs	(381.4)	(324.0)
Accretion of loan discounts and paid-in-kind principal	27.5	43.6
Net acceleration of loan discounts and loan fees due to early payoff or restructure	(6.8)	(6.3)
New loan fees	(7.5)	(10.1)
Warrants converted to equity		0.3
Sale of investments	(10.4)	(4.4)
Loss on investments due to write offs	(38.5)	(10.0)
Net change in unrealized appreciation (depreciation)	15.7	(35.9)
Ending portfolio	$ 1,417.1	$ 1,423.9

The following table shows the fair value of our investment portfolio by asset class as of September 30, 2017 and December 31, 2016:

	September 30, 2017		December 31, 2016	
(in thousands)	Investments at Fair Value	Percentage of Total Portfolio	Investments at Fair Value	Percentage of Total Portfolio
Senior Secured Debt with Warrants	$ 838,253	59.1%	$ 1,078,779	75.7%
Senior Secured Debt	494,544	34.9%	277,509	19.5%
Preferred Stock	41,993	3.0%	39,418	2.8%
Common Stock	42,324	3.0%	28,236	2.0%
Total	$ 1,417,114	100.0%	$ 1,423,942	100.0%

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 our investment portfolio as of September 30, 2017 and December 31, 2016 at value by geographic location is as follows:

	September 30, 2017		December 31, 2016	
(in thousands)	Investments at Fair Value	Percentage of Total Portfolio	Investments at Fair Value	Percentage of Total Portfolio
United States	$ 1,292,617	91.2%	$ 1,362,223	95.6%
England	66,598	4.7%	18,395	1.3%
Netherlands	20,495	1.4%	20,089	1.4%
Cayman Islands	14,925	1.1%		0.0%
Switzerland	11,611	0.8%	12,377	0.9%
Canada	10,868	0.8%	8,095	0.6%
Israel		0.0%	2,763	0.2%

Total	$ 1,417,114	100.0%	$ 1,423,942	100.0%

As of September 30, 2017, we held warrants or equity positions in five companies that have filed registration statements on Form S-1 with the SEC in contemplation of potential initial public offerings. All five 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.

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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 September 30, 2017, our debt investments have a term of between two and seven years and typically bear interest at a rate ranging from 4.2% to 13.0%. 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 $33.4 million of unamortized fees at September 30, 2017, of which approximately $30.2 million was included as an offset to the cost basis of our current debt investments and approximately $3.2 million was deferred contingent upon the occurrence of a funding or milestone. At December 31, 2016, we had approximately $38.2 million of unamortized fees, of which approximately $35.8 million was included as an offset to the cost basis of our current debt investments and approximately $2.4 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 September 30, 2017, we had approximately $26.1 million in exit fees receivable, of which approximately $22.8 million was included as a component of the cost basis of our current debt investments and approximately $3.3 million was a deferred receivable related to expired commitments. At December 31, 2016, we had approximately $32.8 million in exit fees receivable, of which approximately $30.3 million was included as a component of the cost basis of our current debt investments and approximately $2.5 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 $2.5 million and $2.1 million in PIK income in the three months ended September 30, 2017 and 2016, respectively. We recorded approximately $7.2 million and $5.7 million in PIK income in the nine months ended September 30, 2017 and 2016, 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 12.6% and 13.2% during the three months ended September 30, 2017 and 2016, 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 14.1% and 14.6% for the three months ended September 30, 2017 and 2016, respectively. The effective yield is derived

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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 return for our investors was approximately -2.3% and 19.5% during the nine months ended September 30, 2017 and 2016, 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 drug discovery & development, software, media/content/info, sustainable and renewable technology, internet consumer & business services, drug delivery, medical devices & equipment, healthcare services, specialty pharmaceuticals, information services, consumer & business products, semiconductors, surgical devices, electronics & computer hardware, biotechnology tools, communications & networking and diagnostic 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 September 30, 2017, approximately 73.5% of the fair value of our portfolio was composed of investments in five industries: 27.7% investments in the drug discovery & development industry, 20.0% investments in the software industry, 10.4% investments in the media/content/info industry, 7.9% investments in the sustainable and renewable technology industry, and 7.5% investments in the internet consumer & business services industry.

The following table shows the fair value of our portfolio by industry sector at September 30, 2017 and December 31, 2016:

	September 30, 2017		December 31, 2016	
(in thousands)	Investments at Fair Value	Percentage of Total Portfolio	Investments at Fair Value	Percentage of Total Portfolio
Drug Discovery & Development	$ 392,952	27.7%	$ 422,550	29.7%
Software	283,419	20.0%	219,559	15.4%
Media/Content/Info	146,956	10.4%	137,567	9.7%
Sustainable and Renewable Technology	111,629	7.9%	154,406	10.9%
Internet Consumer & Business Services	106,734	7.5%	97,047	6.8%
Drug Delivery	97,866	6.9%	109,834	7.7%
Medical Devices & Equipment	79,106	5.6%	107,695	7.6%
Healthcare Services, Other	67,139	4.7%	30,200	2.1%
Specialty Pharmaceuticals	37,875	2.7%	38,944	2.7%
Information Services	23,998	1.7%	6,091	0.4%
Consumer & Business Products	21,061	1.5%	42,713	3.0%
Semiconductors	15,780	1.1%	11,326	0.8%
Surgical Devices	12,767	0.9%	12,553	0.9%
Electronics & Computer Hardware	7,606	0.5%	7,664	0.5%
Biotechnology Tools	5,971	0.4%	7,200	0.5%
Communications & Networking	5,547	0.4%	18,019	1.3%
Diagnostic	708	0.1%	574	0.0%
Total	$ 1,417,114	100.0%	$ 1,423,942	100.0%

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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 nine months ended September 30, 2017 and the year ended December 31, 2016, our ten largest portfolio companies represented approximately 37.7% and 34.0% of the total fair value of our investments in portfolio companies, respectively. At September 30, 2017 and December 31, 2016, we had eight and seven investments, respectively, that represented 5% or more of our net assets. At September 30, 2017, we had eight equity investments representing approximately 62.2% 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, 2016, we had seven equity investments which represented approximately 54.7% 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 September 30, 2017 approximately 96.7% 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.

As of September 30, 2017, 85.6% of our debt investments were in a senior secured first lien position, 14.1% were secured by a senior second priority security interest in all of the portfolio company s assets, other than intellectual property, and the remaining 0.3% were unsecured as a result of the terms of the acquisition of one of our portfolio companies during the period. 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.

At September 30, 2017, of the approximately 85.6% of our debt investments in a senior secured first lien position, 44.6% were secured by a first priority security in all of the assets of the portfolio company, including its intellectual property and 41.0% were 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. At September 30, 2017 we had no equipment only liens on material investments.

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 discounts (OID) 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 September 30, 2017, we held warrants in 128 portfolio companies, with a fair value of approximately $32.7 million. The fair value of our warrant portfolio increased by approximately $5.2 million, as compared to a fair value of $27.5 million at December 31, 2016 primarily related to the addition of warrants in 10 new and 8 existing portfolio companies during the period.

Our existing warrant holdings would require us to invest approximately $82.3 million to exercise such warrants as of September 30, 2017. 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 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.

As required by the 1940 Act, we classify our investments by level of control. Control investments are defined in the 1940 Act as investments in those companies that we are deemed to control , which, in general, includes a company in which we own 25% or more of the voting securities of such company or have greater than 50% representation on its board. Affiliate investments are investments in those companies that are affiliated companies of ours, as defined in the 1940 Act, which are not control investments. We are deemed to be an

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affiliate of a company in which we have invested if we own 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. The following table summarizes our realized gains and losses and changes in our unrealized appreciation and depreciation on control and affiliate investments for the three and nine months ended September 30, 2017 and 2016.

(in thousands)			For the Three Months Ended September 30, 2017				For the Nine Months Ended September 30, 2017			
Portfolio Company	**Type**	**Fair Value at September 30, 2017**	**Investment Income**	**Net Change in Unrealized Appreciation/ (Depreciation)**	**Reversal of Unrealized Appreciation / (Depreciation)[1]**	**Realized Gain/ (Loss)**	**Investment Income**	**Net Change in Unrealized Appreciation/ (Depreciation)**	**Reversal of Unrealized Appreciation / (Depreciation)[1]**	**Realized Gain/ (Loss)**
Control Investments										
Achilles Technology Management Co II, Inc.	Control	$ 242	$ 3	$ (46)	$	$ (485)	$ 155	$ (2,254)	$	$ (486)
HercGamma, Inc.	Control			(523)				(523)		
SkyCross, Inc.	Control				15,058	(15,058)		1,842	15,452	(15,452)
Tectura Corporation	Control	23,140	462	2,995			1,361	2,995	51	(51)
Second Time Around (Simplify Holdings, LLC)	Control			140				140		
Total Control Investments		$ 23,382	$ 465	$ 2,566	$ 15,058	$ (15,543)	$ 1,516	$ 2,200	$ 15,503	$ (15,989)
Affiliate Investments										
Optiscan BioMedical, Corp.	Affiliate	$ 6,064	$	$ 72	$	$	$	$ 1,192	$	$
Stion Corporation	Affiliate						2			
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)	Affiliate	27,522	248	4,537			248	(48,678)		
Total Affiliate Investments		$ 33,586	$ 248	$ 4,609	$	$	$ 250	$ (47,486)	$	$
Total Control & Affiliate Investments		$ 56,968	$ 713	$ 7,175	$ 15,058	$ (15,543)	$ 1,766	$ (45,286)	$ 15,503	$ (15,989)

(in thousands)			For the Three Months Ended September 30, 2016				For the Nine Months Ended September 30, 2016			
Portfolio Company	**Type**	**Fair Value at September 30, 2016**	**Investment Income**	**Net Change in Unrealized Appreciation/ (Depreciation)**	**Reversal of Unrealized Appreciation / (Depreciation)[1]**	**Realized Gain/ (Loss)**	**Investment Income**	**Net Change in Unrealized Appreciation/ (Depreciation)**	**Reversal of Unrealized Appreciation / (Depreciation)[1]**	**Realized Gain/ (Loss)**
Control Investments										
SkyCross, Inc.	Control	$	$	$	$	$	$	$ (3,421)	$	$
Achilles Technology Management Co II, Inc.	Control	4,991	16				16			
Total Control Investments		$ 4,991	$ 16	$	$	$	$ 16	$ (3,421)	$	$
Affiliate Investments										
Optiscan BioMedical, Corp.	Affiliate	$ 5,102	$	$ 553	$	$	$ 12	$ (2,833)	$	$
Stion Corporation	Affiliate	821	30				133	539	648	

Total Affiliate Investments	$	5,923	$ 30	$	553	$		$		$ 145	$	(2,294)	$	648	$
Total Control & Affiliate Investments	$	10,914	$ 46	$	553	$		$		$ 161	$	(5,715)	$	648	$

(1) Represents reversals of prior period net unrealized depreciation upon being realized as a loss due to write off.

In July 2017, we 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 our debt and as such this investment is classified as a control investment as of September 30, 2017.

In June 2017, we acquired 100% ownership of the equity in HercGamma, Inc. and classified it as a control investment in accordance with the requirements of the 1940 Act. In June 2017, HercGamma, Inc. acquired the assets of a medical device

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company that develops advanced digital imaging to detect breast cancer, as part of an article 9 consensual foreclosure and public auction for consideration with an estimated fair value of $1.2 million. Our investment in HercGamma, Inc. is carried on the consolidated statement of assets and liabilities at fair value. In September 2017, we reduced the cost basis of its equity position by $646,000 with net proceeds from an asset sale.

In April 2017, our 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 us. 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 our debt investment in Sungevity, Inc. was converted to an equity position in Solar Spectrum Holdings LLC and our warrant and equity positions in Sungevity, Inc. were written off for a realized loss.

In August 2017, our 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. We made a $15.0 million debt investment to fund the acquisition. Accordingly, our equity and new debt investment in Solar Spectrum Holdings LLC became classified as affiliate investments as of September 30, 2017.

In January 2017, our 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, our warrants in Tectura Corporation expired and were written off for a realized loss.

In June 2016, our investments in SkyCross, Inc. became classified as a control investment as a result of obtaining more than 50% representation on the portfolio company s board. In September 2017, our investments were deemed wholly worthless and written off for a realized loss.

In June 2016, we also 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 June 2016, Achilles Technology Management Co II, Inc. acquired the assets of a global antenna company that produces radio frequency system solutions as part of an article 9 consensual foreclosure and public auction for total consideration in the amount of $4.0 million. In September and November 2016, we made a $1.0 million and $250,000 debt investment, respectively, in Achilles Technology Management II, Inc. to provide working capital under the terms of a loan servicing agreement.

In August 2017, our debt investment in Achilles Technology Management II, Inc. was fully repaid by net proceeds from sales of the portfolio company s assets. In addition, our 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. The remaining equity investment in Achilles Technology Management II, Inc. is carried on the consolidated statement of assets and liabilities at fair value.

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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 September 30, 2017 and December 31, 2016, respectively:

(in thousands)	September 30, 2017			December 31, 2016		
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	8	$ 189,995	14.6%	15	$ 275,832	20.8%
2	33	696,165	53.6%	32	590,547	44.4%
3	24	370,902	28.5%	25	329,393	24.8%
4	5	43,006	3.3%	8	58,874	4.4%
5	4		0.0%	8	74,157	5.6%
	74	$ 1,300,068	100.0%	88	$ 1,328,803	100.0%

As of September 30, 2017, our debt investments had a weighted average investment grading of 2.24 on a cost basis, as compared to 2.41 at December 31, 2016. 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 improvement in weighted average investment grading at September 30, 2017 from December 31, 2016 is primarily due to the conversion of our debt investment in Sungevity Inc. to an equity position in Solar Spectrum Holdings LLC during the period. This position was rated 5 and represented $44.6 million of the rated 5 debt investment fair value at December 31, 2016. In addition, four positions that were rated 5 as of December 31, 2016 were sold or liquidated during the period.

At September 30, 2017, we had five debt investments on non-accrual with a cumulative investment cost and fair value of approximately $14.0 million and $3.0 million, respectively. At December 31, 2016, we had five debt investments on non-accrual with cumulative investment cost and fair value of approximately $43.9 million and $6.2 million, respectively. The decrease in the cumulative cost and fair value of debt investments on non-accrual between September 30, 2017 and December 31, 2016 is the result of the liquidation of two debt investments that were on non-accrual at December 31, 2016, offset by placing two new debt investments on non-accrual status during the period. During the three and nine months ended September 30, 2017, the Company recognized a realized loss of approximately $23.8 million on the write off of two debt investments that were on non-accrual at December 31, 2016.

Results of Operations

Comparison of the three and nine months ended September 30, 2017 and 2016

Investment Income

Total investment income for the three months ended September 30, 2017 was approximately $45.9 million as compared to approximately $45.1 million for the three months ended September 30, 2016. Total investment income for the nine months ended September 30, 2017 was approximately $140.7 million as compared to approximately $127.6 million for the nine months ended September 30, 2016.

Interest and PIK interest income for the three months ended September 30, 2017 totaled approximately $42.4 million as compared to approximately $40.0 million for the three months ended September 30, 2016. Interest and PIK interest income for the nine months ended September 30, 2017 totaled approximately $125.8 million as compared to approximately $116.1 million for the nine months ended September 30, 2016. The

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increase in interest and PIK interest income for the three and nine months ended September 30, 2017 as compared to the same periods ended September 30, 2016 is primarily attributable to an increase in recurring interest and PIK interest income, along with an increase in interest accelerations due to early loan repayments and other one-time events.

Of the $42.4 million in interest and PIK interest income for the three months ended September 30, 2017, approximately $39.7 million represents recurring income from the contractual servicing of our loan portfolio and approximately $2.7 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 $38.2 million and $1.8 million, respectively, of the $40.0 million interest and PIK interest income for the three months ended September 30, 2016.

Of the $125.8 million in interest and PIK interest income for the nine months ended September 30, 2017, approximately $117.6 million represents recurring income from the contractual servicing of our loan portfolio and approximately $8.2 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 $111.8 million and $4.3 million, respectively, of the $116.1 million interest and PIK interest income for the nine months ended September 30, 2016.

The following table shows the PIK-related activity for the nine months ended September 30, 2017 and 2016, at cost:

(in thousands)	Nine Months Ended September 30, 2017	2016
Beginning PIK interest receivable balance	$ 9,930	$ 5,149
PIK interest income during the period	7,172	5,676
PIK accrued (capitalized) to principal but not recorded as income during the period		(2,146)
Payments received from PIK loans	(2,349)	(438)
Realized loss	(2,183)	(266)
Ending PIK interest receivable balance	$ 12,570	$ 7,975

The increase in PIK interest income during the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016 is due to an increase in the weighted average principal outstanding of loans which bear PIK interest, including an increase in newly originated loans bearing PIK interest. This increase is partially offset by an increase in the number of PIK loans that paid off during the period.

Fee income for the three months ended September 30, 2017 totaled approximately $3.4 million as compared to approximately $5.1 million for the three months ended September 30, 2016. Fee income for the nine months ended September 30, 2017 totaled approximately $14.9 million as compared to approximately $11.5 million for the nine months ended September 30, 2016. The decrease in fee income for the three months ended September 30, 2017 is primarily due to a decrease in the acceleration of unamortized fees due to early repayments and one-time fees between periods. The increase in fee income for the nine months ended September 30, 2017 is primarily attributable to an increase in the acceleration of unamortized fees due to early repayments and one-time fees between periods.

Of the $3.4 million in fee income for the three months ended September 30, 2017, approximately $1.3 million represents income from recurring fee amortization and approximately $2.1 million represents income related to the acceleration of unamortized fees due to early repayments and one-time fees for the period. Income from recurring fee amortization and the acceleration of unamortized fees due to early loan repayments represented $2.5 million and $2.6 million, respectively, of the $5.1 million in income for the three months ended September 30, 2016.

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Of the $14.9 million in fee income for the nine months ended September 30, 2017, approximately $4.9 million represents income from recurring fee amortization and approximately $10.0 million represents income related to the acceleration of unamortized fees due to early repayments and one-time fees for the period. Income from recurring fee amortization and the acceleration of unamortized fees due to early loan repayments represented $7.2 million and $4.3 million, respectively, of the $11.5 million in income for the nine months ended September 30, 2016.

In certain investment transactions, we may earn income from advisory services; however, we had no income from advisory services in the three and nine months ended September 30, 2017 or 2016.

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 $21.9 million and $21.3 million during the three months ended September 30, 2017 and 2016, respectively. Our operating expenses totaled approximately $68.8 million and $60.4 million during the nine months ended September 30, 2017 and 2016, respectively.

Interest and Fees on our Borrowings

Interest and fees on our borrowings totaled approximately $10.5 million and $10.1 million for the three months ended September 30, 2017 and 2016, respectively, and approximately $33.5 million and $27.0 million during the nine months ended September 30, 2017 and 2016, respectively. Interest and fee expense for the three months ended September 30, 2017, as compared to September 30, 2016, increased due to a higher weighted average principal balance outstanding on our 2024 Notes and Convertible Notes, offset by a reduction in the weighted average principal balance outstanding on our 2019 Notes, which were fully redeemed in February 2017, and on our 2021 Asset Backed Notes, which are amortizing. Interest and fee expense for the nine months ended September 30, 2017, as compared to September 30, 2016, increased due to the onetime, non-cash acceleration of approximately $1.5 million of unamortized fees upon the redemption of our 2019 Notes in February 2017 and a higher weighted average principal balance outstanding on our 2024 Notes and Convertible Notes, partially offset by a reduction in interest expense on our 2019 Notes and 2021 Asset Backed Notes.

We had a weighted average cost of debt, comprised of interest and fees, of approximately 5.6% and 6.0% for the three months ended September 30, 2017 and 2016, respectively, and a weighted average cost of debt of approximately 5.8% and 5.8% for the nine months ended September 30, 2017 and 2016, respectively. The decrease in the weighted average cost of debt for the three months ended September 30, 2017 as compared to the same period ended September 30, 2016 is primarily attributable to the full redemption of our 2019 Notes between periods.

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 $3.5 million from $4.1 million for the three months ended September 30, 2017 and 2016. Our general and administrative expenses increased to $12.4 million from $12.1 million for the nine months ended September 30, 2017 and 2016. The decrease for the three months ended September 30, 2017 was primarily attributable to a reduction in corporate legal and other expenses. The increase for the nine months ended September 30, 2017 was primarily attributable to an increase in excise tax accruals and charitable contributions, offset by a reduction in corporate legal and other expenses between periods.

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Employee Compensation

Employee compensation and benefits totaled $6.0 million for the three months ended September 30, 2017 as compared to $5.6 million for the three months ended September 30, 2016 and $17.3 million for the nine months ended September 30, 2017 as compared to $15.6 million for the nine months ended September 30, 2016. The increase for the three and nine month comparative periods was primarily due to increased salaries and changes in variable compensation expenses due to company performance objectives.

Employee stock-based compensation totaled $1.8 million for the three months ended September 30, 2017 as compared to $1.4 million for the three months ended September 30, 2016 and $5.6 million for the nine months ended September 30, 2017 as compared to $5.6 million for the nine months ended September 30, 2016. The increase for the three month comparative period was primarily related to restricted stock award vesting.

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 nine months ended September 30, 2017 and 2016 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2017**	**2016**	**2017**	**2016**
Realized gains	$ 1,345	$ 9,423	$ 12,898	$ 13,634
Realized losses	(25,799)	(1,553)	(39,827)	(10,207)
Net realized gains (losses)	$ (24,454)	$ 7,870	$ (26,929)	$ 3,427

During the three and nine months ended September 30, 2017 we recognized net realized losses of $24.5 million and $26.9 million, respectively. During the three months ended September 30, 2017, we recorded gross realized gains of $1.3 million primarily from the sale or acquisition of our holdings in three portfolio companies, including Axovant Sciences Ltd. ($460,000), CashStar, Inc. ($235,000), and Aveo Pharmaceuticals, Inc. ($227,000). These gains were offset by gross realized losses of $25.8 million primarily from the liquidation or write off of our warrant and equity investments in seven portfolio companies and companies and our debt investment in three portfolio companies.

During the nine months ended September 30, 2017, we recorded gross realized gains of $12.9 million primarily from the sale or acquisition of our holdings in four portfolio companies, including IronPlanet, Inc. ($5.1 million), Box, Inc. ($4.0 million) TPI Composites, Inc. ($1.2 million) and Edge Therapeutics, Inc. ($708,000). These gains were offset by gross realized losses of $39.8 million primarily from the liquidation or write off of our warrant and equity investments in nineteen portfolio companies and our debt investment in four portfolio companies.

During the three and nine months ended September 30, 2016, we recognized net realized gains of $7.9 million and net realized losses of $3.4 million, respectively. During the three months ended September 30, 2016, we recorded gross realized gains of $9.4 million primarily from the acquisition of our holdings in three portfolio companies, including Box, Inc. ($7.8 million), Touchcommerce, Inc. ($698,000) and ReachLocal ($610,000). These gains were offset by gross realized losses of $1.5 million primarily from the liquidation or write off of our warrant and equity investments in one portfolio company and our debt investment in one portfolio company.

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During the nine months ended September 30, 2016, we recorded gross realized gains of $13.6 million primarily from the sale or acquisition of our holdings in five portfolio companies, including Box, Inc. ($8.9 million), Celator Pharmaceuticals, Inc. ($1.5 million), Ping Identity Corporation ($1.3 million), Touchcommerce, Inc. ($698,000) and ReachLocal ($610,000). These gains were partially offset by gross realized losses of $10.2 million primarily from the liquidation or write off of our warrant and equity investments in six portfolio companies and our debt investment in four portfolio companies, including the settlement of our outstanding debt investment in the Neat Company ($6.2 million).

The following table summarizes the change in net unrealized appreciation (depreciation) of investments for the three and nine months ended September 30, 2017 and 2016:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2017**	**2016**	**2017**	**2016**
Gross unrealized appreciation on portfolio investments	$ 26,421	$ 25,903	$ 114,287	$ 55,428
Gross unrealized depreciation on portfolio investments	(15,764)	(21,309)	(125,327)	(76,801)
Reversal of prior period net unrealized appreciation (depreciation) upon a realization event	27,317	(7,161)	41,447	(7,421)
Reversal of prior period net unrealized appreciation (depreciation) upon a realization event	(4,201)	1,550	(14,720)	12,803
Net unrealized appreciation (depreciation) on debt, equity, and warrant investments	33,773	(1,017)	15,687	(15,991)
Other net unrealized appreciation (depreciation)	(220)	183	(50)	(81)
Total net unrealized depreciation on investments	$ 33,553	$ (834)	$ 15,637	$ (16,072)

During the three months ended September 30, 2017, we recorded $33.6 million of net unrealized appreciation, of which $33.7 million was net unrealized appreciation from our debt, equity and warrant investments. We recorded $22.2 million of net unrealized appreciation on our debt investments, which was primarily related to the reversal of $25.9 million of unrealized depreciation upon payoff or liquidation of our debt investments in three portfolio companies.

We recorded $8.8 million of net unrealized appreciation on our equity investments, which was primarily related to a $4.0 million reduction in the collateral based impairment on one portfolio company and $5.7 million of unrealized appreciation on our public equity portfolio related to portfolio company performance.

Finally, we recorded $2.7 million of net unrealized appreciation on our warrant investments, which was primarily due to $5.0 million and $411,000 of unrealized appreciation on our private and public warrant portfolios, respectively, related to portfolio company and industry performance. This unrealized appreciation was partially offset by the reversal of $2.5 million of net unrealized appreciation upon being realized as a gain or loss due to the acquisition or liquidation of our warrant investments.

During the three months ended September 30, 2016, we recorded $834,000 of net unrealized depreciation, of which $1.0 million was net unrealized depreciation from our debt, equity and warrant investments. We recorded $7.7 million of net unrealized depreciation on our debt investments, which was primarily related to $14.1 million of unrealized depreciation for collateral based impairments on eleven portfolio companies offset by the reversal of $1.3 million unrealized depreciation for the prior period collateral based impairments on one portfolio company and $4.8 million of unrealized appreciation from our market yield analysis related to industry performance.

We recorded $4.0 million of net unrealized appreciation on our equity investments, which was primarily related to $6.5 million unrealized appreciation on our public equity portfolio and $2.3 million of unrealized appreciation on our private portfolio companies related to portfolio company performance, offset by the reversal of approximately $4.7 million of net unrealized appreciation upon being realized as a gain on sales of Box, Inc.

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Finally, we recorded $2.7 million of net unrealized appreciation on our warrant investments, which was primarily due to $5.8 million of unrealized appreciation on our private portfolio companies related to company performance, offset by the reversal of $2.0 million of unrealized appreciation upon being realized as a gain due to the acquisition of our warrant investments in two portfolio companies.

The following table summarizes the change in net unrealized appreciation (depreciation) in the investment portfolio by investment type, excluding other net unrealized appreciation (depreciation) for the three months ended September 30, 2017 and 2016:

	Three Months Ended September 30, 2017			
(in millions)	**Debt**	**Equity**	**Warrants**	**Total**
Collateral Based Impairments[1]	$ (3.0)	$ 4.0	$ (0.2)	$ 0.8
Reversals of Prior Period Collateral Based Impairments				
Reversals due to Debt Payoffs & Warrant/Equity Sales	25.9	(0.2)	(2.5)	23.2
Fair Value Market/Yield Adjustments[2]				
Level 1 & 2 Assets		5.7	0.4	6.1
Level 3 Assets	(0.7)	(0.7)	5.0	3.6
Total Fair Value Market/Yield Adjustments	(0.7)	5.0	5.4	9.7
Total Unrealized Appreciation/(Depreciation)	$ 22.2	$ 8.8	$ 2.7	$ 33.7

	Three Months Ended September 30, 2016			
(in millions)	**Debt**	**Equity**	**Warrants**	**Total**
Collateral Based Impairments[1]	$ (14.1)	$ (0.1)	$ (0.3)	$ (14.5)
Reversals of Prior Period Collateral Based Impairments	1.3			1.3
Reversals due to Debt Payoffs & Warrant/Equity Sales	0.3	(4.7)	(2.0)	(6.4)
Fair Value Market/Yield Adjustments[2]				
Level 1 & 2 Assets	0.3	6.5	(0.8)	6.0
Level 3 Assets	4.5	2.3	5.8	12.6
Total Fair Value Market/Yield Adjustments	4.8	8.8	5.0	18.6
Total Unrealized Appreciation/(Depreciation)	$ (7.7)	$ 4.0	$ 2.7	$ (1.0)

(1) The unrealized appreciation (depreciation) attributable to collateral based impairments include all changes in estimated fair value on positions whose fair value remains impaired relative to cost as of the balance sheet date. As such, this may include current period improvements in estimated fair value that do not represent reversals to prior period collateral based impairments.

(2) Level 1 assets are generally equities listed in active markets and level 2 assets are generally warrants held in a public company. Observable market prices are typically the primary input in valuing level 1 and 2 assets. Level 3 asset valuations require inputs that are both significant and unobservable. Generally, level 3 assets are debt investments and warrants and equities held in a private company. See Note 2 to the financial statements discussing ASC Topic 820 (Fair Value Measurements).

During the nine months ended September 30, 2017, we recorded $15.6 million of net unrealized appreciation, of which $15.7 million was net unrealized appreciation from our debt, equity and warrant investments. We recorded $41.9 million of net unrealized appreciation on our debt investments, which was primarily related to the reversal of prior period collateral based impairments of $52.0 million on three portfolio companies, including the reversal of the cumulative unrealized depreciation on our debt investment in Sungevity, Inc. upon its conversion to equity, and the reversal of $30.9 million of unrealized depreciation upon the payoff or liquidation of our debt investments during the period. This unrealized appreciation was offset by $41.6 million of unrealized depreciation for collateral based impairments on eight portfolio companies.

We recorded $36.9 million of net unrealized depreciation on our equity investments, which was primarily due to $50.4 million of collateral based impairment on three portfolio companies, including impairment on our converted equity position in Solar Spectrum Holdings LLC. This unrealized depreciation was partially offset by $7.8 million and $3.8 million of unrealized appreciation on our public and private equity portfolio, respectively, related to portfolio company and industry performance.

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Finally, we recorded $10.7 million of net unrealized appreciation on our warrant investments, which was primarily related to $10.6 million and $4.0 million of unrealized appreciation on our private and public warrant portfolio related to portfolio company and industry performance, respectively. This appreciation was offset by the reversal of approximately $3.4 million of unrealized appreciation upon being realized as a gain or loss due to the acquisition or liquidation of our warrant investments.

During the nine months ended September 30, 2016, we recorded $16.1 million of net unrealized depreciation, of which $15.9 million was net unrealized depreciation from our debt, equity and warrant investments. We recorded $9.7 million of net unrealized depreciation on our debt investments, which was primarily related to $34.7 million unrealized depreciation for collateral based impairments on eleven portfolio companies offset by the reversal of $12.5 million of unrealized depreciation upon payoff or settling of our debt investments and the reversal of $7.0 million of unrealized depreciation for prior period collateral based impairments on five portfolio companies.

We recorded $8.5 million of net unrealized depreciation on our equity investments, which was primarily related to $3.9 million of unrealized depreciation on our public equity portfolio with the largest concentration in our investment in Box, Inc. and the reversal of $4.6 million of net unrealized appreciation upon being realized as a gain on sale of Box, Inc. and the write off of three portfolio company investments.

Finally, we recorded $2.3 million of net unrealized appreciation on our warrant investments, which was primarily related to $5.4 million of net unrealized appreciation on our private portfolio companies related to portfolio company performance offset by the reversal of approximately $1.2 million of unrealized appreciation upon being realized as a gain due to the acquisition of our warrant investments in two portfolio companies and the write off of five portfolio company investments.

The following table summarizes the change in net unrealized appreciation (depreciation) in the investment portfolio by investment type, excluding other net unrealized appreciation (depreciation) for the nine months ended September 30, 2017 and 2016:

	Nine Months Ended September 30, 2017			
(in millions)	**Debt**	**Equity**	**Warrants**	**Total**
Collateral Based Impairments[1]	$ (41.6)	$ (50.4)	$ (0.5)	$ (92.5)
Reversals of Prior Period Collateral Based Impairments	52.0			52.0
Reversals due to Debt Payoffs & Warrant/Equity Sales	30.9	1.9	(3.4)	29.4
Fair Value Market/Yield Adjustments[2]				
Level 1 & 2 Assets		7.8	4.0	11.8
Level 3 Assets	0.6	3.8	10.6	15.0
Total Fair Value Market/Yield Adjustments	0.6	11.6	14.6	26.8
Total Unrealized Appreciation/(Depreciation)	$ 41.9	$ (36.9)	$ 10.7	$ 15.7

	Nine Months Ended September 30, 2016			
(in millions)	**Debt**	**Equity**	**Warrants**	**Total**
Collateral Based Impairments[1]	$ (34.7)	$ (0.1)	$ (0.4)	$ (35.2)
Reversals of Prior Period Collateral Based Impairments	7.0			7.0
Reversals due to Debt Payoffs & Warrant/Equity Sales	12.5	(4.6)	(1.2)	6.7
Fair Value Market/Yield Adjustments[2]				
Level 1 & 2 Assets	0.3	(3.9)	(1.5)	(5.1)
Level 3 Assets	5.2	0.1	5.4	10.7
Total Fair Value Market/Yield Adjustments	5.5	(3.8)	3.9	5.6
Total Unrealized Appreciation/(Depreciation)	$ (9.7)	$ (8.5)	$ 2.3	$ (15.9)

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(1) The unrealized appreciation (depreciation) attributable to collateral based impairments include all changes in estimated fair value on positions whose fair value remains impaired relative to cost as of the balance sheet date. As such, this may include current period improvements in estimated fair value that do not represent reversals to prior period collateral based impairments.
(2) Level 1 assets are generally equities listed in active markets and level 2 assets are generally warrants held in a public company. Observable market prices are typically the primary input in valuing level 1 and 2 assets. Level 3 asset valuations require inputs that are both significant and unobservable. Generally, level 3 assets are debt investments and warrants and equities held in a private company. See Note 2 to the financial statements discussing ASC Topic 820 (Fair Value Measurements).

Income and Excise Taxes

We account for income taxes in accordance with the provisions of Topic 740 of the FASB s Accounting Standards Codification, as amended (ASC), Income Taxes , under which income taxes are 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, which consists of ordinary income and long-term capital gains, from our taxable year ended December 31, 2016 to our stockholders in 2017.

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

For the three months ended September 30, 2017 and 2016, we had a net increase in net assets resulting from operations of approximately $33.1 million and $30.8 million, respectively. For the nine months ended September 30, 2017 and 2016, we had a net increase in net assets resulting from operations of approximately $60.6 million and $54.6 million, respectively.

Both the basic and fully diluted net change in net assets per common share were $0.40 per share for the three months ended September 30, 2017 and $0.73 per share for the nine months ended September 30, 2017. Both the basic and fully diluted net change in net assets per common share were $0.41 per share and $0.74 per share for the three and nine months ended September 30, 2016, respectively.

For the purpose of calculating diluted earnings per share for three and nine months ended September 30, 2017 and 2016, 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 calculation for the three and nine months ended September 30, 2017 as our share price was less than the conversion price in effect which results in anti-dilution. The 2016 Convertible Notes were fully settled on or before their contractual maturity date of April 15, 2016, as such there was no potential additional dilutive effect for the three and nine months ended September 30, 2016.

Financial Condition, Liquidity, and Capital Resources

Our liquidity and capital resources are derived from our Credit Facilities, SBA debentures, 2024 Notes (of which $75.0 million of the outstanding aggregate principal amount were redeemed on November 23, 2017), 2021 Asset-Backed Notes, Convertible Notes 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.

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On August 16, 2013, we entered into an ATM equity distribution agreement (the Prior Equity Distribution Agreement) with JMP Securities. 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 Securities, as our sales agent.

On September 8, 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 Securities, 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 nine months ended September 30, 2017, we sold 4.1 million shares of common stock, of which 3.3 million shares and 768,000 shares were issued under the Prior Equity Distribution Agreement and the Equity Distribution Agreement, respectively. During the nine months ended September 30, 2017, we received total accumulated net proceeds of approximately $56.3 million, including $687,000 of offering expenses, from these sales, of which $46.9 million, including offering expenses of $532,000, was received under the Prior Equity Distribution Agreement and $9.4 million, including offering expenses of $155,000, was received under the Equity Distribution Agreement, respectively. As of September 30, 2017, approximately 11.2 million shares remain available for issuance and sale under the Equity Distribution Agreement. See Subsequent Events.

On August 27, 2015, our Board of Directors authorized a stock repurchase plan permitting us to repurchase up to $50.0 million of our common stock until August 23, 2016, after which the plan expired. In January 2016, we repurchased 449,588 shares of our common stock at an average price per share of $10.64 per share and a total cost of approximately $4.8 million.

Our 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 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. We intend to invest the net proceeds of these public offerings to fund investments in debt and equity securities in accordance with its investment objective and for other general corporate purposes.

On May 5, 2016, we, through a special purpose wholly-owned subsidiary, Hercules Funding III LLC (Hercules Funding III), as borrower, entered into 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 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, 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 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 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.

During the nine months ended September 30, 2017, we sold 225,457 notes for approximately $5.6 million in aggregate principal amount. We did not sell any notes under the program during the three months ended September 30, 2017. During the year ended December 31, 2016, we sold 317,125 notes for approximately $7.9 million in aggregate principal amount. As of September 30, 2017, 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. We intend to use the net proceeds from this offering (i) to repurchase or otherwise redeem all of our 2019 Notes, (ii) to fund investments in debt and equity securities in accordance with our investment objective and (iii) for working capital and other general corporate purposes.

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

At September 30, 2017, we had $230.0 million of 2022 Convertible Notes, $258.5 million of 2024 Notes, $65.5 million of 2021 Asset-Backed Notes, and $190.2 million of SBA debentures payable. We had no borrowings outstanding under the Wells Facility or the Union Bank Facility. See Subsequent Events.

At September 30, 2017, we had $335.6 million in available liquidity, including $140.6 million in cash and cash equivalents. We had available borrowing capacity of $120.0 million under the Wells Facility and $75.0 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.

At September 30, 2017, 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 September 30, 2017, we have issued $190.2 million in SBA guaranteed debentures in our SBIC subsidiaries.

At September 30, 2017, we had approximately $7.8 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.

On October 24, 2017, our Board of Directors approved a redemption of $75.0 million of the outstanding aggregate principal amount of the 2024 Notes, which were redeemed on November 23, 2017. We intend to use the proceeds of this offering to redeem the outstanding 2024 Notes.

During the nine months ended September 30, 2017, 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 nine months ended September 30, 2017, our operating activities provided $76.6 million of cash and cash equivalents, compared to $58.5 million used during the nine months ended September 30, 2016. This $135.1 million increase in cash provided by operating activities is primarily related to an increase in investment repayments of $146.4 million and an increase in net realized losses on investments of $30.4 million, partially offset by an increase in investment purchases of $25.5 million and an increase in net unrealized appreciation of $31.7 million.

During the nine months ended September 30, 2017, our investing activities provided approximately $382,000 of cash, compared to $16,000 used during the nine months ended September 30, 2016. The $398,000 increase in cash provided in investing activities was primarily due to a decrease of approximately $298,000 in cash, classified as restricted cash, on assets that are securitized.

During the nine months ended September 30, 2017, our financing activities provided $50.5 million of cash, compared to $32.3 million provided during the nine months ended September 30, 2016. The $18.2 million increase in cash provided by financing activities was primarily due to the net issuance of $225.5 million of the 2022 Convertible Notes and a reduction in the use of our credit facilities between periods, offset by the repayment of $110.4 million of 2019 Notes and the decrease in 2024 Notes issuance during the nine months ended September 30, 2017.

As of September 30, 2017, net assets totaled $836.3 million, with a NAV per share of $10.00. 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% after each issuance of senior securities. As of September 30, 2017 our asset coverage ratio under our regulatory requirements as a business development company was 250.4% 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%, 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 212.0% at September 30, 2017.

Outstanding Borrowings

At September 30, 2017 and December 31, 2016, we had the following available borrowings and outstanding amounts:

	September 30, 2017			December 31, 2016		
(in thousands)	**Total Available**	**Principal**	**Carrying Value[1]**	**Total Available**	**Principal**	**Carrying Value[1]**
SBA Debentures[2]	$ 190,200	$ 190,200	$ 187,983	$ 190,200	$ 190,200	$ 187,501
2019 Notes[3]				110,364	110,364	108,818
2024 Notes[4]	258,510	258,510	251,716	252,873	252,873	245,490
2021 Asset-Backed Notes	65,476	65,476	64,860	109,205	109,205	107,972
2022 Convertible Notes	230,000	230,000	223,097			
Wells Facility[5]	120,000			120,000	5,016	5,016
Union Bank Facility[5]	75,000			75,000		
Total	$ 939,186	$ 744,186	$ 727,656	$ 857,642	$ 667,658	$ 654,797

(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 September 30, 2017 and December 31, 2016, 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.

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(3) The 2019 Notes were redeemed in full on February 24, 2017.
(4) On October 24, 2017, our Board of Directors approved a redemption of $75.0 million of the outstanding aggregate principal amount of the 2024 Notes, which were redeemed on November 23, 2017. We intend to use the proceeds of this offering to redeem the outstanding 2024 Notes.
(5) 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 September 30, 2017 and December 31, 2016 were as follows:

(in thousands)	September 30, 2017	December 31, 2016
SBA Debentures	$ 2,217	$ 2,699
2019 Notes		1,546
2024 Notes[1]	6,889	7,482
2021 Asset-Backed Notes	616	1,233
2022 Convertible Notes	3,938	
Wells Facility[2]	271	501
Union Bank Facility[2]	453	768
Total	$ 14,384	$ 14,229

(1) On October 24, 2017, our Board of Directors approved a redemption of $75.0 million of the outstanding aggregate principal amount of the 2024 Notes, which were redeemed on November 23, 2017. We intend to use the proceeds of this offering to redeem the outstanding 2024 Notes.
(2) 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 nine months ended September 30, 2017.

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 September 30, 2017, we had approximately $46.3 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.

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We also had approximately $72.0 million of non-binding term sheets outstanding to three new companies, 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.

As of September 30, 2017, 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)**
NewVoiceMedia Limited	$ 15,000
Evernote Corporation	10,000
Aquantia Corp.	6,500
Wrike, Inc.	5,000
MDX Medical, Inc.	4,500
908 DEVICES INC.	2,500
Verastem, Inc.	2,500
RedSeal Inc.	302
Total	$ 46,302

(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 September 30, 2017:

	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)	$ 744,186	$ 140,476	$ 51,200	$ 344,250	$ 208,260
Operating Lease Obligations(4)	4,370	1,831	1,149	1,145	245
Total	$ 748,556	$ 142,307	$ 52,349	$ 345,395	$ 208,505

(1) Excludes commitments to extend credit to our portfolio companies.
(2) Includes $190.2 million in principal outstanding under the SBA debentures, $258.5 million of the 2024 Notes, $230.0 million of the Convertible Notes and $65.5 million of the 2021 Asset-Backed Notes as of September 30, 2017.
(3) Amounts represent future principal repayments and not the carrying value of each liability. See Note 4 to our consolidated financial statements.
(4) Facility leases.

(5) Reflects redemption of a portion of the 2024 Notes. See Subsequent Events.

Certain premises are leased under agreements which expire at various dates through February 2023. Total rent expense amounted to approximately $443,000 and $1.3 million during the three and nine months ended September 30, 2017. Total rent expense amounted to approximately $420,000 and $1.3 million during the same periods ended September 30, 2016.

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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 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.

Borrowings

Long-Term SBA Debentures

On September 27, 2006, HT II received a license to operate as a SBIC under the SBIC program and is able to borrow funds from the SBA against eligible investments and additional contributions to regulatory capital. Under the Small Business Investment Company Act of 1958 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 September 30, 2017, 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 September 30, 2017. As of September 30, 2017, HT II has paid the SBA commitment fees and facility fees of approximately $1.5 million and $3.6 million, respectively. As of September 30, 2017 the Company held investments in HT II in 32 companies with a fair value of approximately $77.0 million, accounting for approximately 5.4% of the Company s total investment portfolio at September 30, 2017. HT II held approximately $107.9 million in assets and accounted for approximately 5.4% of the Company s total assets prior to consolidation at September 30, 2017.

On May 26, 2010, HT III received a license to operate as a SBIC under the SBIC program and is able to borrow funds from the SBA against eligible investments and additional contributions to regulatory capital. With the Company s net investment of $74.5 million in HT III as of September 30, 2017, 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 September 30, 2017. As of September 30, 2017, HT III has paid the SBA commitment fees and facility fees of approximately $1.5 million and $3.6 million, respectively. As of September 30, 2017, the Company held investments in HT III in 45 companies with a fair value of approximately $200.8 million, accounting for approximately 14.2% of the Company s total investment portfolio at September 30, 2017. HT III held approximately $279.9 million in assets and accounted for approximately 13.9% of the Company s total assets prior to consolidation at September 30, 2017.

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.

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HT II and HT III are periodically examined and audited by the SBA s staff to determine their compliance with SBA regulations. If HT II or HT III fails to comply with applicable SBA regulations, the SBA could, depending on the severity of the violation, limit or prohibit HT II s or HT III s use of debentures, declare outstanding debentures immediately due and payable, and/or limit HT II or HT III from making new investments. In addition, HT II or HT III may also be limited in their ability to make distributions to the Company if they do not have sufficient capital in accordance with SBA regulations. Such actions by the SBA would, in turn, negatively affect the Company because HT II and HT III are the Company s wholly owned subsidiaries. HT II and HT III were in compliance with the terms of the SBIC s leverage as of September 30, 2017 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 nine months ended September 30, 2017 for HT II was approximately $41.2 million with an average interest rate of approximately 4.56% and 4.51%, respectively. The average amount of debentures outstanding for the three and nine months ended September 30, 2017 for HT III was approximately $149.0 million with an average interest rate of approximately 3.46% and 3.42%, respectively.

For the three and nine months ended September 30, 2017 and 2016, the components of interest expense and related fees and cash paid for interest expense for the SBA debentures are as follows:

(in thousands)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Interest expense	$ 1,757	$ 1,757	$ 5,212	$ 5,231
Amortization of debt issuance cost (loan fees)	158	168	482	504
Total interest expense and fees	$ 1,915	$ 1,925	$ 5,694	$ 5,735
Cash paid for interest expense and fees	$ 3,499	$ 3,499	$ 6,942	$ 6,961

In aggregate, at September 30, 2017, 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 September 30, 2017, the Company has issued $190.2 million in SBA-guaranteed debentures in the Company s SBIC subsidiaries.

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The Company reported the following SBA debentures outstanding principal balances as of September 30, 2017 and December 31, 2016:

(in thousands)

Issuance/Pooling Date	**Maturity Date**	**Interest Rate**[(1)]	**September 30, 2017**	**December 31, 2016**
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.

As of December 31, 2016, the 2019 Notes payable outstanding principal balance consisted of:

(in thousands)	**December 31, 2016**
April 2019 Notes	$ 64,490
September 2019 Notes	45,874
Total 2019 Notes principal outstanding	$ 110,364

The April 2019 Notes bore interest at a rate of 7.00% per year and traded on the NYSE under the trading symbol HTGZ. The September 2019 Notes bore interest at a rate of 7.00% per year and traded on the NYSE under the trading symbol HTGY. For the three and nine months ended September 30, 2017 and 2016, the components of interest expense and related fees and cash paid for interest expense for the 2019 Notes are as follows:

(in thousands)	Three Months Ended September 30, 2017	2016	Nine Months Ended September 30, 2017	2016
Interest expense	$	$ 1,931	$ 1,159	$ 5,794
Amortization of debt issuance cost (loan fees)		160	1,546	480
Total interest expense and fees	$	$ 2,091	$ 2,705	$ 6,274
Cash paid for interest expense and fees	$	$ 1,931	$ 1,911	$ 5,794

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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 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.

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, 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.

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 nine months ended September 30, 2017, the Company sold 225,457 notes for approximately $5.6 million in aggregate principal amount. The Company did not sell any notes under the debt distribution agreement during the three months ended September 30, 2017. During the year ended December 31, 2016, the Company sold 317,125 notes for approximately $7.9 million in aggregate principal amount. As of September 30, 2017 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 .

On October 24, 2017, our Board of Directors approved a redemption of $75.0 million of the outstanding aggregate principal amount of the 2024 Notes, which were redeemed on November 23, 2017. We intend to use the proceeds of this offering to redeem the outstanding 2024 Notes.

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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 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. 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 September 30, 2017, the Company was in compliance with the terms of the Base Indenture as supplemented by the Third Supplemental Indenture.

As of September 30, 2017 and December 31, 2016, the components of the carrying value of the 2024 Notes were as follows:

(in thousands)	September 30, 2017	December 31, 2016
Principal amount of debt	$ 258,510	$ 252,873
Unamortized debt issuance cost	(6,889)	(7,482)
Original issue premium, net of amortization	95	99
Carrying value of 2024 Notes	$ 251,716	$ 245,490

For the three and nine months ended September 30, 2017 and 2016, the components of interest expense and related fees and cash paid for interest expense for the 2024 Notes are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2017	2016	2017	2016
Interest expense	$ 4,039	$ 3,926	$ 12,065	$ 7,910
Amortization of debt issuance cost (loan fees)	252	229	752	448
Amortization of original issue premium	(13)		(43)	
Total interest expense and fees	$ 4,278	$ 4,155	$ 12,774	$ 8,358
Cash paid for interest expense and fees	$ 4,053	$ 3,827	$ 12,069	$ 7,046

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 the 2021 Asset-Backed Notes, which were rated A(sf) by Kroll Bond Rating Agency, Inc. The 2021 Asset-Backed

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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) 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 September 30, 2017 and December 31, 2016, the 2021 Asset-Backed Notes had an outstanding principal balance of $65.5 million and $109.2 million, respectively.

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For the three and nine months ended September 30, 2017 and 2016, the components of interest expense and related fees and cash paid for interest expense for the 2021 Asset-Backed Notes are as follows:

(in thousands)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Interest expense	$ 632	$ 1,103	$ 2,327	$ 3,381
Amortization of debt issuance cost (loan fees)	197	366	618	832
Total interest expense and fees	$ 829	$ 1,469	$ 2,945	$ 4,213
Cash paid for interest expense and fees	$ 697	$ 1,110	$ 2,485	$ 3,388

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 $7.8 million and $8.3 million of restricted cash as of September 30, 2017 and December 31, 2016, respectively, funded through interest collections.

Convertible Notes

2016 Convertible Notes

In April 2011, the Company issued $75.0 million in aggregate principal amount of 6.00% convertible notes due 2016 (the 2016 Convertible Notes). The 2016 Convertible Notes were fully settled on or before their contractual maturity date of April 15, 2016.

Prior to the close of business on October 14, 2015, holders were able to convert their 2016 Convertible Notes only under certain circumstances set forth in the indenture governing the 2016 Convertible Notes. On or after October 15, 2015 until the close of business on the scheduled trading day immediately preceding the maturity date, holders were able to convert their 2016 Convertible Notes at any time. Throughout the life of the 2016 Convertible Notes, holders of approximately $74.8 million of the 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 2016 Convertible Notes and approximately 1.6 million shares of the Company s common stock, or $24.3 million.

The 2016 Convertible Notes were accounted for in accordance with ASC Subtopic 470-20 (Debt Instruments with Conversion and Other Options). In accounting for the 2016 Convertible Notes, the Company estimated at the time of issuance that the values of the debt and the embedded conversion feature of the 2016 Convertible Notes were approximately 92.8% and 7.2%, respectively. The original issue discount of 7.2% attributable to the conversion feature of the 2016 Convertible Notes was recorded in capital in excess of par value in the Consolidated Statement of Assets and Liabilities. As a result, the Company recorded interest expense comprised of both stated interest expense as well as accretion of the original issue discount resulting in an estimated effective interest rate of approximately 8.1%.

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For the three and nine months ended September 30, 2016, the components of interest expense, fees and cash paid for interest expense for the 2016 Convertible Notes were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2017**	**2016**	**2017**	**2016**
Interest expense	$	$	$	$ 352
Amortization of debt issuance cost (loan fees)				44
Accretion of original issue discount				82
Total interest expense and fees	$	$	$	$ 478
Cash paid for interest expense and fees	$	$	$	$ 440

The estimated effective interest rate of the debt component of the 2016 Convertible Notes, equal to the stated interest of 6.0% plus the accretion of the original issue discount, was approximately 8.1% for the three and nine months ended September 30, 2016.

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 September 30, 2017, 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).

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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%.

As of September 30, 2017, the components of the carrying value of the 2022 Convertible Notes were as follows:

(in thousands)	September 30, 2017
Principal amount of debt	$ 230,000
Unamortized debt issuance cost	(3,938)
Original issue discount, net of accretion	(2,965)
Carrying value of 2022 Convertible Notes	$ 223,097

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2017	2016	2017	2016
Interest expense	$ 2,602	$	$ 6,876	$
Amortization of debt issuance cost (loan fees)	213		558	
Accretion of original issue discount	168		448	
Total interest expense and fees	$ 2,983	$	$ 7,882	$
Cash paid for interest expense and fees	$ 5,199	$	$ 5,199	$

The estimated effective interest of the debt component of the 2022 Convertible Notes, equal to the stated interest rate of 4.375% plus the accretion of the original issue discount, was approximately 4.76% for the three and nine months ended September 30, 2017. As of September 30, 2017, the Company is in compliance with the terms of the indentures governing the 2022 Convertible Notes.

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Credit Facilities

As of September 30, 2017 and December 31, 2016, the Company has two available credit facilities, the Wells Facility and the Union Bank Facility.

Wells Facility

On June 29, 2015, the Company, through a special purpose wholly owned subsidiary, Hercules Funding II LLC (Hercules Funding II), entered into 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 nine months ended September 30, 2017, this non-use fee was $153,000 and $450,000, respectively. For the three and nine months ended September 30, 2016, this non-use fee was $155,000 and $336,000, respectively.

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 September 30, 2017, the minimum tangible net worth covenant increased to $727.2 million as a result of the March 2015 follow-on public offering of 7.6 million shares of common stock for total gross proceeds of approximately $100.4 million, the issuance of 7.3 million shares of common stock issued under the Prior Equity Distribution Agreement for gross proceeds of $95.0 million during the year ended December 31, 2016, and the issuance of 4.1 million shares of common stock issued under the Prior Equity Distribution Agreement and the Equity Distribution Agreement for gross proceeds of $57.0 million during the nine months ended September 30, 2017. 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 $8.5 million on the available facility during the nine months ended September 30, 2017 offset by repayments of $13.5 million. The Company had aggregate draws of $168.3 million

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on the available facility during the nine months ended September 30, 2016 offset by repayments of $218.3 million. At December 31, 2016 there was $5.0 million, respectively, of borrowings outstanding on this facility. There were no borrowings outstanding on the facility as of September 30, 2017.

For the three and nine months ended September 30, 2017 and 2016, the components of interest expense and related fees and cash paid for interest expense for the Wells Facility are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2017**	**2016**	**2017**	**2016**
Interest expense	$	$	$ 2	$ 501
Amortization of debt issuance cost (loan fees)	66	115	280	341
Total interest expense and fees	$ 66	$ 115	$ 282	$ 842
Cash paid for interest expense and fees	$ 207	$	$ 677	$ 577

Union Bank Facility

On May 5, 2016, the Company, through a special purpose wholly owned subsidiary, Hercules Funding III, as borrower, entered into the Union Bank Facility. The Union Bank Facility replaced the Prior Union Bank Facility. 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 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.

Under the Union Bank Facility, MUFG Union Bank made commitments of $75.0 million. 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 nine months ended September 30, 2017, the company incurred non-use fees of $96,000 and $284,000, respectively. For the three and nine months ended September 30, 2016, the company incurred non-use fees under the Prior Union Bank Facility of $96,000 and $277,000, 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. As of September 30, 2017, the minimum tangible net worth covenant increased to $774.3 million as a result of the

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March 2015 follow-on public offering of 7.6 million shares of common stock for total net proceeds of approximately $100.1 million, the issuance of 7.3 million shares of common stock issued under the Prior Equity Distribution Agreement for net proceeds of $92.8 million during the year ended December 31, 2016, and the issuance of 4.1 million shares of common stock issued under the Prior Equity Distribution Agreement and the Equity Distribution Agreement for net proceeds of $56.3 million during the nine months ended September 30, 2017. 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 HT III under the MUFG Union Bank Facility and (ii) act as servicer for the loans sold or transferred.

The Company did not make any draws or repayments on the available facility during the nine months ended September 30, 2017. The Company had aggregate draws of $25.0 million on the available facility during the nine months ended September 30, 2016 offset by repayments of $25.0 million. At September 30, 2017 and December 31, 2016, there were no borrowings outstanding on the Union Bank Facility.

For the three and nine months ended September 30, 2017 and 2016, 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:

(in thousands)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Interest expense	$	$	$	$ 55
Amortization of debt issuance cost (loan fees)	91	112	315	244
Total interest expense and fees	$ 91	$ 112	$ 315	$ 299
Cash paid for interest expense and fees	$ 114	$	$ 351	$ 38

Distributions

The following table summarizes our distributions declared and paid, to be paid, or reinvested on all shares, including restricted stock, for the fiscal years ended December 31, 2015, 2016 and 2017:

Date Declared	Record Date	Payment Date	Amount Per Share
February 24, 2015	March 12, 2015	March 19, 2015	0.31
May 4, 2015	May 18, 2015	May 25, 2015	0.31
July 29, 2015	August 17, 2015	August 24, 2015	0.31
October 28, 2015	November 16, 2015	November 23, 2015	0.31
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
			$	3.72

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On October 25, 2017 the Board of Directors declared a cash distribution of $0.31 per share to be paid on November 20, 2017 to stockholders of record as of November 13, 2017. This distribution represents our forty-ninth consecutive distribution since our initial public offering, bringing the total cumulative distribution to date to $13.71 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, 2016, 100% were distributions derived from our current and accumulated earnings and profits.

During the three months ended September 30, 2017, we declared a distribution of $0.31 per share. If we had determined the tax attributes of our distributions year-to-date as of September 30, 2017, 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 2017 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 nontaxable 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 composition and quarterly asset diversification 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 for each calendar year, (2) 98.2% of our capital gain net income for the 1-year period ending October 31 in that calendar year and (3) any income realized, but not distributed, in the preceding year. 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 and long-term capital gains, from the year ended December 31, 2016 to our stockholders during 2017.

Critical Accounting Policies

The preparation of consolidated financial statements in conformity with 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.

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At September 30, 2017, approximately 89.5% 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.

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.

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

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

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

(3) the Audit Committee of the Board of Directors reviews the preliminary valuation of the investments in the portfolio company 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 our 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.

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We have 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.

Investments measured at fair value on a recurring basis are categorized in the tables below based upon the lowest level of significant input to the valuations as of September 30, 2017 and as of December 31, 2016. We transfer investments in and out of Level 1, 2 and 3 as of the beginning balance sheet date, based on changes in the use of observable and unobservable inputs utilized to perform the valuation for the period. During the nine months ended September 30, 2017, there were no transfers between Levels 1 or 2.

(in thousands) Description	**Balance September 30, 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	$ 1,300,068	$	$	$ 1,300,068
Preferred Stock	41,993			41,993
Common Stock	42,324	16,018		26,306
Warrants	32,729		3,520	29,209
Escrow Receivable	915			915
Total	$ 1,418,029	$ 16,018	$ 3,520	$ 1,398,491

(in thousands) Description	**Balance December 31, 2016**	**Quoted Prices In Active Markets For Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Senior Secured Debt	$ 1,328,803	$	$ 4,825	$ 1,323,978
Preferred Stock	39,418			39,418
Common Stock	28,236	17,271		10,965
Warrants	27,485		3,239	24,246
Escrow Receivable	1,382			1,382
Total	$ 1,425,324	$ 17,271	$ 8,064	$ 1,399,989

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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 nine months ended September 30, 2017 and the year ended December 31, 2016.

(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(3)	Gross Transfers out of Level 3(3)	Balance September 30, 2017
Senior Debt	$ 1,323,978	$ (24,318)	$ 39,423	$ 498,613	$	$ (474,957)	$	$ (62,671)	$ 1,300,068
Preferred Stock	39,418	(7,531)	10,101	473	(468)				41,993
Common Stock	10,965		(49,532)	3,748	(1,546)		62,671		26,306
Warrants	24,246	755	9,650	1,784	(7,226)				29,209
Escrow Receivable	1,382	11		3,119	(3,597)				915
Total	$ 1,399,989	$ (31,083)	$ 9,642	$ 507,737	$ (12,837)	$ (474,957)	$ 62,671	$ (62,671)	$ 1,398,491

(in thousands)	Balance January 1, 2016	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, 2016
Senior Debt	$ 1,102,396	$ (6,968)	$ (12,675)	$ 687,353	$	$ (441,567)	$	$ (4,561)	$ 1,323,978
Preferred Stock	35,245	(334)	(7,864)	13,873	(1,367)		626	(761)	39,418
Common Stock	1,527		(1,404)	6,081			4,761		10,965
Warrants	18,565	(116)	3,465	4,082	(1,186)			(564)	24,246
Escrow Receivable	2,967	(6)		2,009	(3,588)				1,382
Total	$ 1,160,700	$ (7,424)	$ (18,478)	$ 713,398	$ (6,141)	$ (441,567)	$ 5,387	$ (5,886)	$ 1,399,989

(1) Included in net realized gains or losses in the accompanying Consolidated Statement of Operations.
(2) Included in net change in unrealized appreciation (depreciation) in the accompanying Consolidated Statement of Operations.
(3) Transfers into Level 3 during the nine months ended September 30, 2017 relate to the conversion of our debt investment in Sungevity, Inc. and a portion of our debt investment in Gamma Medica, Inc. to common stock through bankruptcy transactions. Transfers out of Level 3 during the nine months ended September 30, 2017 relate to the conversion of our debt investment in Sungevity, Inc. and a portion of our debt investment in Gamma Medica, Inc. to common stock through bankruptcy transactions.
(4) Transfers into Level 3 during the year ended December 31, 2016 relate to the acquisition of preferred stock as a result of the exercise of warrants in Ping Identity Corporation, the conversion of debt to equity in Optiscan Biomedical Corp and Achilles Technology Management Co II, Inc. and the conversion of our preferred shares to common shares in SCIEnergy, Inc. Transfers out of Level 3 during the year ended December 31, 2016 relate to the exercise of warrants in TPI Composites, Inc. and Touchcommerce, Inc. to common stock in an initial public offering, or IPO, and acquisition, respectively; the exercise of warrants in Ping Identity Corporation to preferred stock; the conversion of debt to equity in Optiscan Biomedical Corp and Achilles Technology Management Co II, Inc. and the conversion of our preferred shares to common shares in SCIEnergy, Inc.
(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 nine months ended September 30, 2017, approximately $2.4 million in net unrealized appreciation and $49.3 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 our 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 $1.1 million in net unrealized depreciation and $10.2 million in net unrealized appreciation 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, 2016, approximately $9.1 million and $1.4 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. For the same period, approximately $25.7 million in net unrealized depreciation and $2.8 million in net unrealized appreciation was recorded for debt and warrant Level 3 investments, respectively, relating to assets still held at the reporting date.

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The following tables provide quantitative information about our Level 3 fair value measurements as of September 30, 2017. In addition to the techniques and inputs noted in the table below, according to our valuation policy we may also use other valuation techniques and methodologies when determining our 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 our fair value measurements.

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

Investment Type Level Three Debt Investments	Fair Value at September 30, 2017 (in thousands)	Valuation Techniques/ Methodologies	Unobservable Input[(1)]	Range	Weighted Average[(2)]
Pharmaceuticals	$ 14,794	Originated Within 6 Months	Origination Yield	13.22%	13.22%
	489,860	Market Comparable Companies	Hypothetical Market Yield	9.42% - 15.44%	12.98%
			Premium/(Discount)	0.00% - 0.75%	
	5,100	Liquidation[(3)]	Probability weighting of alternative outcomes	30.00% - 100.00%	
Technology	152,443	Originated Within 6 Months	Origination Yield	10.46% - 17.49%	11.57%
	219,760	Market Comparable Companies	Hypothetical Market Yield	9.07% - 19.06%	13.68%
			Premium/(Discount)	(0.25%) - 0.50%	
	21,960	Liquidation[(3)]	Probability weighting of alternative outcomes	20.00% - 100.00%	
Sustainable and Renewable Technology	14,698	Originated Within 6 Months	Origination Yield	17.61%	17.61%
	81,842	Market Comparable Companies	Hypothetical Market Yield	11.78% - 14.49%	13.18%
			Premium/(Discount)	0.00% - 0.25%	
Medical Devices	32,798	Originated Within 6 Months	Origination Yield	10.38% - 13.18%	11.06%
	58,556	Market Comparable Companies	Hypothetical Market Yield	9.38% - 17.29%	12.77%
			Premium/(Discount)	0.00% - 0.75%	
		Liquidation[(3)]	Probability weighting of alternative outcomes	100.00%	
Lower Middle Market	37,187	Originated Within 6 Months	Origination Yield	12.09% - 12.68%	12.40%
	20,145	Market Comparable Companies	Hypothetical Market Yield	8.81%	8.81%
			Premium/(Discount)	0.25%	
	2,995	Liquidation[(3)]	Probability weighting of alternative outcomes	100.00%	
		Debt Investments Where Fair Value Approximates Cost			
	147,930	Debt Investments Maturing in Less than One Year			
	$ 1,300,068	**Total Level Three Debt Investments**			

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

other characteristics of the investment. Significant increases (decreases) in the inputs in isolation may result in a significantly lower (higher) fair value measurement, depending on the materiality of the investment. Debt investments in the industries noted in our 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.

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Investment Type Level Three Debt Investments	Fair Value at December 31, 2016 (in thousands)	Valuation Techniques/ Methodologies	Unobservable Input[1]	Range	Weighted Average[2]
Pharmaceuticals	$ 102,412	Originated Within 6 Months	Origination Yield	12.24% - 14.59%	13.64%
	434,718	Market Comparable Companies	Hypothetical Market Yield	9.07% - 15.62%	12.44%
			Premium/(Discount)	(0.25%) - 0.75%	
	2,693	Liquidation[3]	Probability weighting of alternative outcomes	25.00% - 100.00%	
Technology	93,674	Originated Within 6 Months	Origination Yield	7.29% - 16.53%	13.69%
	325,553	Market Comparable Companies	Hypothetical Market Yield	10.14% - 21.66%	12.69%
			Premium/(Discount)	(0.50%) - 0.50%	
	24,706	Liquidation[3]	Probability weighting of alternative outcomes	20.00% - 100.00%	
Sustainable and Renewable Technology	99,286	Market Comparable Companies	Hypothetical Market Yield	11.77% - 16.84%	13.45%
			Premium/(Discount)	0.00% - 0.25%	
	44,626	Liquidation[3]	Probability weighting of alternative outcomes	10.00% - 40.00%	
Medical Devices	88,983	Market Comparable Companies	Hypothetical Market Yield	10.25% - 18.60%	14.01%
			Premium/(Discount)	(0.25%) - 0.75%	
Lower Middle Market	25,017	Market Comparable Companies	Hypothetical Market Yield	8.85% - 15.79%	10.10%
			Premium/(Discount)	0.00% - 0.25%	
	13,148	Liquidation[3]	Probability weighting of alternative outcomes	100.00%	
		Debt Investments Where Fair Value Approximates Cost			
	25,000	Imminent Payoffs[4]			
	44,162	Debt Investments Maturing in Less than One Year			
	$ 1,323,978	**Total Level Three Debt Investments**			

(1) The significant unobservable inputs used in the fair value measurement of our debt securities are hypothetical market yields and premiums/(discounts). The hypothetical market yield is defined as the exit price of an investment in a hypothetical market to hypothetical market participants where buyers and sellers are willing participants. The premiums (discounts) relate to company specific characteristics such as underlying investment performance, security liens, and other characteristics of the investment. Significant increases (decreases) in the inputs in isolation may result in a significantly lower (higher) fair value measurement, depending on the materiality of the investment. Debt investments in the industries noted in our 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, and Drug Delivery 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 we expect 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 September 30, 2017 (in thousands)	Valuation Techniques/ Methodologies	Unobservable Input[1]	Range	Weighted Average[6]
Equity Investments	$ 10,413	Market Comparable Companies	EBITDA Multiple[2]	5.8x - 56.7x	16.4x
			Revenue Multiple[2]	0.4x - 6.2x	3.2x
			Discount for Lack of Marketability[3]	10.08% - 14.34%	11.61%
			Average Industry Volatility[4]	39.02% - 62.19%	55.65%
			Risk-Free Interest Rate	1.20% - 1.33%	1.22%
			Estimated Time to Exit (in months)	6 - 14	7
	19,167	Market Adjusted OPM Backsolve	Market Equity Adjustment[5]	(16.27%) - 23.40%	7.42%
			Average Industry Volatility[4]	29.02% - 106.33%	79.23%
			Risk-Free Interest Rate	0.80% - 1.53%	1.21%
			Estimated Time to Exit (in months)	8 - 29	13
	38,719	Other[7]			
Warrant Investments	21,198	Market Comparable Companies	EBITDA Multiple[2]	5.4x - 56.7x	15.7x
			Revenue Multiple[2]	0.4x - 7.5x	2.8x
			Discount for Lack of Marketability[3]	5.06% - 31.10%	14.96%
			Average Industry Volatility[4]	33.09% - 106.76%	55.33%
			Risk-Free Interest Rate	0.99% - 1.75%	1.30%
			Estimated Time to Exit (in months)	2 - 47	16
	6,056	Market Adjusted OPM Backsolve	Market Equity Adjustment[5]	(69.77%) - 139.40%	14.28%
			Average Industry Volatility[4]	29.02% - 108.76%	75.67%
			Risk-Free Interest Rate	0.80% - 1.82%	1.24%
			Estimated Time to Exit (in months)	8 - 41	15
	1,955	Other[7]			
Total Level Three Warrant and Equity Investments	$ 97,508				

(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 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 we have determined that market participants would use such multiples when pricing the investments.
(3) Represents amounts used when we have 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, 2016 (in thousands)	Valuation Techniques/ Methodologies	Unobservable Input[(1)]	Range	Weighted Average[(5)]
Equity Investments	$ 9,258	Market Comparable Companies	EBITDA Multiple[(2)]	0.0x - 38.7x	12.3x
			Revenue Multiple[(2)]	0.9x - 8.7x	3.1x
			Discount for Lack of Marketability[(3)]	13.75% - 25.97%	16.73%
			Average Industry Volatility[(4)]	45.54% - 113.16%	61.06%
			Risk-Free Interest Rate	0.79% - 1.50%	0.91%
			Estimated Time to Exit (in months)	10 - 38	15
	19,836	Market Adjusted OPM Backsolve	Average Industry Volatility[(4)]	29.93% - 109.95%	73.49%
			Risk-Free Interest Rate	0.65% - 1.44%	0.92%
			Estimated Time to Exit (in months)	10 - 34	15
	21,289	Other[(6)]			
Warrant Investments	8,959	Market Comparable Companies	EBITDA Multiple[(2)]	2.6x - 51.4x	13.8x
			Revenue Multiple[(2)]	0.4x - 6.1x	2.5x
			Discount for Lack of Marketability[(3)]	11.74% - 27.25%	19.02%
			Average Industry Volatility[(4)]	38.58% - 111.15%	62.03%
			Risk-Free Interest Rate	0.68% - 1.68%	1.04%
			Estimated Time to Exit (in months)	7 - 47	20
	9,713	Market Adjusted OPM Backsolve	Average Industry Volatility[(4)]	29.93% - 116.29%	67.20%
			Risk-Free Interest Rate	0.45% - 1.84%	0.99%
			Estimated Time to Exit (in months)	3 - 47	20
	5,574	Other[(6)]			
Total Level Three Warrant and Equity Investments	$ 74,629				

(1) The significant unobservable inputs used in the fair value measurement of our warrant and equity-related securities are revenue and/or EBITDA multiples 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 may 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 we have determined that market participants would use such multiples when pricing the investments.
(3) Represents amounts used when we have 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) Weighted averages are calculated based on the fair market value of each investment.
(6) The fair market value of these investments is derived based on recent private market and merger and acquisition transaction prices.

Debt Investments

We follow 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. Our debt securities are primarily invested in venture capital-backed companies in technology-related markets 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 debt instruments for these investment securities to be traded or exchanged. In addition, we may, from time to time, invest in public debt of companies that meet our investment objectives. These investments are considered Level 2 assets.

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

We apply 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. We determine the yield at inception for each debt investment. We then use senior secured, leveraged loan yields provided

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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, we also evaluate the collateral for recoverability of the debt investments. We consider 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.

Our 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 yields and interest rate spreads of similar securities as of the measurement date. We value our 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, we may consider other factors than those a hypothetical market participant would use to estimate fair value, including the proceeds that would be received in a liquidation analysis.

We record unrealized depreciation on investments when we believe 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 the amortized cost of the investment. Conversely, where appropriate, we record unrealized appreciation if we believe that the underlying portfolio company has appreciated in value and, therefore, that our 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 investment, we generally receive warrants or other equity-related securities from the borrower. We determine 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 investment from recordation of the warrant or other equity instruments is accreted into interest income over the life of the loan.

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. We have 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.

We estimate 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 transaction, public offering, or subsequent equity sale, the pricing indicated by that external event is utilized to corroborate our valuation of the warrant and equity related securities. We periodically review the valuation of our 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.

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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 September 30, 2017 there were no material past due escrow receivables.

Income Recognition

See Changes in Portfolio for a discussion of our income recognition policies and results during the three and nine months ended September 30, 2017. See Results of Operations for a comparison of investment income for the three and nine months ended September 30, 2017 and 2016.

Stock Based Compensation

We have issued and may, from time to time, issue stock options and restricted stock to employees under our 2004 Equity Incentive Plan and to Board members under our 2006 Equity Incentive Plan prior to its expiration on June 21, 2017. 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 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. Early adoption is permitted for certain provisions. We do not believe that ASU 2016-01 will have a material impact on our consolidated financial statements and disclosures.

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. We do not believe that ASU 2016-02 will have a material impact on our consolidated financial statements and disclosures.

In March 2016, the FASB issued ASU 2016-09, Compensation Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting, which, among other things, simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for annual reporting periods, and the interim periods within those periods, beginning after December 15, 2016. There is not a material impact from adopting this standard on our financial statements. We have adopted this standard for the nine months ended September 30, 2017.

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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. Early adoption is permitted. We do not believe that ASU 2016-15 will have a material impact on our consolidated financial statements and disclosures.

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 and early adoption is permitted. The amendment should be adopted retrospectively. We do not believe that ASU 2016-18 will have a material impact on our consolidated financial statements and disclosures.

Subsequent Events

Distribution Declaration

On October 25, 2017, our Board of Directors declared a cash distribution of $0.31 per share. The cash distribution was paid on November 20, 2017 to stockholders of record as of November 13 2017. This distribution represented our forty-ninth consecutive distribution since our initial public offering, bringing the total cumulative distribution to date to $13.71 per share.

Existing Notes

On October 23, 2017, we issued $150.0 million in aggregate principal amount of the Existing Notes. The Existing Notes were issued pursuant to the Indenture. The sale of the Existing Notes generated net proceeds to us of approximately $147.6 million. Aggregate estimated offering expenses in connection with the transaction, including the underwriter discounts and commissions of approximately $1.0 million, were approximately $1.5 million.

We used the net proceeds from the offering (i) to redeem a portion of our 2024 Notes on November 23, 2017 as described below, (ii) to fund investments in debt and equity securities in accordance with our investment objective and (iii) for working capital and other general corporate purposes.

The Notes offered hereby will be treated as a single series with the Existing Notes under the Indenture and will have the same terms as the Existing Notes. See Description of Notes.

Redemption of 2024 Notes

On October 24, 2017, our Board of Directors approved a redemption of $75.0 million of our outstanding aggregate principal amount of the 2024 Notes, which were redeemed on November 23, 2017. We intend to use a portion of the proceeds of this offering to redeem the outstanding 2024 Notes.

Appointment of Directors

On October 25, 2017, our Board of Directors appointed Jorge Titinger and Brad Koenig as directors of the Company. Following their appointment, both Mr. Titinger and Mr. Koenig were each entitled to the applicable annual retainer pursuant to our director compensation arrangements, under terms consistent with those previously disclosed by the Company. They are also entitled to enter an indemnification agreement with the Company.

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Mr. Titinger s Board appointment became effective at the time of the Annual Meeting and he filled the position vacated by Susanne Lyons who stepped down at the Annual Meeting. His appointment was ratified at the Annual Meeting as a Class I director for a term expiring in 2020. At the time Mr. Titinger joined the Board of Directors, he was appointed to the Compensation Committee and serves as chairman of such committee.

Mr. Koenig s Board appointment was effective immediately and he will hold office as a Class II director for a term expiring in 2018. Following his appointment to the Board of Directors, Mr. Koenig was appointed to the Audit Committee and Nominating and Corporate Governance Committee, on which he now serves.

ATM Equity Program Issuances

Between September 30, 2017 and January 10, 2018, we sold 1.0 million shares of our common stock for total accumulated net proceeds of approximately $13.0 million, including $118,300 of offering expenses, under the Equity Distribution Agreement. As of January 10, 2018, approximately 10.2 million shares remain available for issuance and sale under the equity ATM program.

Departure of Officer

On October 27, 2017, we and Mark Harris mutually agreed that Mr. Harris would separate from the Company and end his tenure as Chief Financial Officer and Chief Accounting Officer effective November 2, 2017. Mr. Harris separation did not result from any disagreements with the Company regarding its operations, policies, practices or any issues regarding financial disclosures, accounting or legal matters.

Appointment of Officers

Effective October 31, 2017, the Board of Directors appointed David Lund, our former Chief Financial Officer, as our Interim Chief Financial Officer and Gerard R. Waldt, Jr., our current Controller, as our Interim Chief Accounting Officer.

Asset Acquisition

On November 1, 2017, we, through a wholly owned subsidiary, Bearcub Acquisitions LLC, entered into, and consummated the transactions contemplated by, a definitive asset purchase agreement with Ares Capital Corporation to acquire select venture loan assets for approximately $125.8 million in cash.

Management Structure

On May 3, 2017, we filed preliminary proxy materials with the SEC for a special meeting of stockholders to seek approval for a proposed advisory agreement with Hamilton Advisers LLC. However, after receiving feedback from our stockholders, on May 15, 2017, we decided to postpone the proposed special meeting of stockholders indefinitely and formally withdrew the proxy materials containing our proposal seeking stockholder approval of our plans to externalize our management structure to expand our ongoing review process. After evaluating alternatives, we have decided to suspend our review of alternative investment management structures and will remain an internally managed business development company for the foreseeable future.

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Portfolio Company Developments

As of January 10, 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 and two companies which filed confidentially under the JOBS Act. There can be no assurance that these companies will complete their initial public offerings in a timely manner or at all. In addition, subsequent to September 30, 2017, our portfolio companies announced or completed the following liquidity events:

1. In August 2017, our portfolio companies Cempra, Inc. (NASDAQ: CEMP), a clinical-stage pharmaceutical company focused on developing differentiated anti-infectives for acute care and community settings to meet critical medical needs in the treatment of infectious diseases, and Melinta Therapeutics, Inc., a privately held company focused on discovering, developing, and commercializing novel antibiotics to treat serious bacterial infections, announced that the companies had entered into a definitive agreement under which Melinta will merge with a subsidiary of Cempra. The transaction closed on November 6, 2017. Melinta Therapeutics commenced trading on November 6, 2017 on the NASDAQ Global Market under the symbol MLNT. We committed $40.0 million in venture debt financing to Cempra from 2011 to 2014. We initially committed $30.0 million in venture debt financing to Melinta in December 2014 and held 1,914,448 shares of Preferred Series 4 stock and warrants for 1,382,323 shares of Preferred Series 3 stock as of September 30, 2017.

2. In November 2017, our portfolio company Sonian Inc., a leading provider of public cloud archiving and business insights, was acquired by Barracuda Networks, Inc. (NYSE: CUDA), a leading provider of cloud-enabled security and data protection solutions. Terms of the transaction were not disclosed. We initially committed $5.5 million in venture debt financing in December 2013 and held warrants for 185,949 shares of Preferred Series C stock as of September 30, 2017.

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 September 30, 2017, approximately 96.7% 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 September 30, 2017, 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	$ 2,630	$	$ 2,630	$ 0.03
50	$ 5,505	$	$ 5,505	$ 0.07
75	$ 8,380	$	$ 8,380	$ 0.10
100	$ 11,406	$	$ 11,406	$ 0.14
200	$ 24,161	$	$ 24,161	$ 0.29
300	$ 37,169	$	$ 37,169	$ 0.45

(1) Earnings per share impact calculated based on basic weighted average shares outstanding of 82,496.

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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 nine months ended September 30, 2017 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 Credit Facilities, SBA debentures, 2024 Notes, Convertible Notes and 2021 Asset-Backed Notes 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 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 Credit Facilities, SBA debentures, 2024 Notes, Convertible Notes, and 2021 Asset-Backed Notes, please refer to Management s Discussion and Analysis of Financial Condition and Results of Operations Financial Condition, Liquidity and Capital Resources Outstanding Borrowings in this prospectus.

Disclosure Controls and Procedures

Our chief executive and chief financial officers, under the supervision and with the participation of our management, conducted an evaluation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. As of the end of the period covered by this quarterly report on Form 10-Q, our chief executive and chief financial officers have concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive and chief financial officers, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financing reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act that occurred during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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SENIOR SECURITIES

Information about our senior securities is shown in the following table for the periods as of September 30, 2017 (unaudited) and as of December 31, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, and 2007. The information as of December 31, 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, 2016 is attached as an exhibit to the accompanying prospectus. 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, 2007	$ 79,200,000	$ 6,755	N/A
December 31, 2008	$ 89,582,000	$ 6,689	N/A
December 31, 2009[6]			N/A
December 31, 2010[6]			N/A
December 31, 2011	$ 10,186,830	$ 73,369	N/A
December 31, 2012[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 (as of September 30, 2017, 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 (as of September 30, 2017, unaudited)[6]			N/A
Small Business Administration Debentures (HT II)[4]			
December 31, 2007	$ 55,050,000	$ 9,718	N/A
December 31, 2008	$ 127,200,000	$ 4,711	N/A
December 31, 2009	$ 130,600,000	$ 3,806	N/A
December 31, 2010	$ 150,000,000	$ 3,942	N/A
December 31, 2011	$ 125,000,000	$ 5,979	N/A
December 31, 2012	$ 76,000,000	$ 14,786	N/A
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 (as of September 30, 2017, unaudited)	$ 41,200,000	$ 38,291	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

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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)
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 (as of September 30, 2017, unaudited)	$ 149,000,000	$ 10,588	N/A
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 (as of September 30, 2017, unaudited)			
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 (as of September 30, 2017, unaudited)			
2024 Notes(8)			
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 (as of September 30, 2017, unaudited)	$ 258,509,600	$ 6,103	$ 1,017
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 (as of September 30, 2017, unaudited)	$ 65,475,786	$ 24,094	$ 1,002
2022 Convertible Notes			
December 31, 2017 (as of September 30, 2017, unaudited)	$ 230,000,000	$ 6,859	$ 1,019
Total Senior Securities(7)			
December 31, 2007	$ 134,250,000	$ 3,985	N/A
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

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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]
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 (as of September 30, 2017, unaudited)	$	744,185,386	$	2,120	N/A

(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 September 30, 2017 our asset coverage ratio under our regulatory requirements as a business development company was 250.4% 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.
(8) On October 24, 2017, our Board of Directors approved a redemption of $75.0 million of our outstanding aggregate principal amount of the 2024 Notes, which were redeemed on November 23, 2017. We intend to use the proceeds of this offering to redeem the outstanding 2024 Notes.

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MANAGEMENT

Appointment of Directors and Officers

On October 25, 2017, the Board of Directors appointed Jorge Titinger and Brad Koenig as directors of the Company. Mr. Titinger s appointment became effective at the time of the Annual Meeting and he filled the position vacated by Susanne Lyons who stepped down at the Annual Meeting. His appointment was ratified at the Annual Meeting as a Class I director for a term expiring in 2020. At the time Mr. Titinger joined the Board of Directors, he was appointed to the Compensation Committee and serves as chairman of such committee. Mr. Koenig s Board appointment was effective immediately and he will hold office as a Class II director for a term expiring in 2018. Following his appointment to the Board of Directors, Mr. Koenig was appointed to the Audit Committee and Nominating and Corporate Governance Committee, on which he now serves. Each of Mr. Titinger, age 56, and Mr. Koenig, age 59, is an independent director within the meaning of Section 303.A2 of the NYSE Listed Company Manual and Section 2(a)(19) of the 1940 Act.

Mr. Koenig brings more than 20 years of technology investment banking experience. Currently, he serves as Founder and CEO of FoodyDirect.com, an online specialty food marketplace. From 2008 to 2011, he was an Advisor at Oak Hill Capital Management, a private equity firm. Previously, Mr. Koenig was at Goldman Sachs as the Head of Global Technology Investment Banking from 1990 to 2005, and the Co-Head of Global Technology, Media and Telecommunications from 2002 to 2005. He started at Goldman Sachs in 1984. Mr. Koenig currently serves as an Independent Director for Theragenics Corporation, a medical device company serving the surgical products and prostate cancer treatment markets, and for NGP/VAN Software, the leading technology provider to political campaigns and non-profit organizations.

Mr. Titinger brings more than 30 years of entrepreneurial and executive experience at privately held technology and semiconductor companies, and will serve on the Company s Compensation Committee as chairman. He currently serves as Principal and Founder of Titinger Consulting, a private consulting and advisory service provider focusing on strategy development and execution, board governance, operational transformations and culture changes. From 2012 to 2016, he was President and Chief Executive Officer of Silicon Graphics, a leader in high performance computing. Previously, Mr. Titinger was president and chief executive officer of Verigy, Inc., a provider of advanced automated test systems to the semiconductor industry. Mr. Titinger is a seasoned industry veteran having served in multiple senior executive roles at FormFactor, Inc., KLA-Tencor Corporation, Applied Materials, InSync Systems, Inc., NeTpower, Inc., MIPS Computer Systems/Silicon Graphics, Inc. and Hewlett-Packard Company. Mr. Titinger currently serves as an Independent Director for Xcerra, a provider of products and services to the semiconductor and electronics manufacturing industry, CalAmp, a pure-play pioneer in the connected vehicle and IoT marketplace and Transtech Glass Investment Ltd., a specialty glass company for the transportation market.

On October 27, 2017, the Company and Mark Harris mutually agreed that Mr. Harris would separate from the Company and end his tenure as Chief Financial Officer and Chief Accounting Officer effective November 2, 2017. Mr. Harris separation did not result from any disagreements with the Company regarding its operations, policies, practices or any issues regarding financial disclosures, accounting or legal matters.

Effective October 31, 2017, the Board of Directors appointed David Lund, the Company s former Chief Financial Officer, as the Company s Interim Chief Financial Officer and Gerard R. Waldt, Jr., the Company s current Controller, as the Company s Interim Chief Accounting Officer.

Mr. Lund, age 63, has served as Chief Financial Officer and Consultant of White Oak Global Advisors LLC from 2011 2016 where he was Chairman of the Valuation Committee, responsible for financial and tax reporting for various partnerships, managed the audit process for multiple investment vehicles, and involved in fund structuring and operational initiatives. Since 2016, Mr. Lund has been a Partner at Ravix Group Inc., a provider of outsourced accounting, financial consulting, and financial management services.

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Mr. Waldt, age 32, joined the Company in 2016 as Assistant Controller and in 2017 became Corporate Controller. He is responsible for the Company s financial and regulatory reporting, financial planning and analysis, and financial systems design and implementation. Prior to joining the Company, Mr. Waldt served as a Senior Manager in the Financial Services practice of Ernst & Young from 2009 2016 where he developed extensive experience providing audit and advisory services to both publicly-traded and private institutions.

Information Related to this Offering

Solely as a result of their ownership of common stock in one of the underwriters in this offering, two of our independent directors, Doreen Woo Ho and Robert P. Badavas, will each be considered an interested person of Hercules Capital, Inc. as defined in the 1940 Act until the completion of this offering.

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DESCRIPTION OF NOTES

The following description of the particular terms of the 4.625% Notes due 2022 supplements and, to the extent inconsistent with, replaces the description of the general terms and provisions of the debt securities set forth in the accompanying prospectus.

On October 23, 2017, we issued $150.0 million in aggregate principal amount of Existing Notes under a base indenture dated as of March 6, 2012, between us and U.S. Bank National Association, as trustee (the trustee), as supplemented by a separate supplemental indenture dated as of October 23, 2017 (the supplemental indenture). As used in this section, all references to the indenture mean the base indenture as supplemented by the supplemental indenture. We may issue additional Notes (additional Notes) from time to time under the indenture, subject to the terms and conditions of the indenture, and the Notes offered hereby will constitute additional Notes for purposes of the indenture. The $ million aggregate principal amount of additional Notes offered hereby will be treated as a single series with the Existing Notes under the indenture and will have the same terms as the Existing Notes. The Notes offered hereby will have the same CUSIP number and will be fungible and rank equally with the Existing Notes. Unless the context otherwise requires, for all purposes of this Description of Notes, references to the Notes includes the Notes offered hereby, the Existing Notes and any further additional Notes that may be issued from time to time under the indenture. The terms of the Notes include those expressly set forth in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended, or the TIA.

The following description is a summary of the material provisions of the Notes and the indenture and does not purport to be complete. This summary is subject to and is qualified by reference to all the provisions of the Notes and the indenture, including the definitions of certain terms used in the indenture. We urge you to read these documents because they, and not this description, define your rights as a holder of the Notes.

For purposes of this description, references to we, our and us refer only to Hercules Capital, Inc. and not to any of its current or future subsidiaries and references to subsidiaries refer only to our consolidated subsidiaries and exclude any investments held by Hercules Capital in the ordinary course of business which are not, under GAAP, consolidated on the financial statements of Hercules Capital and its subsidiaries.

General

The Notes:

- will be our general unsecured, senior obligations;

- were initially issued in an aggregate principal amount of $150.0 million, not including the $ million aggregate principal amount of the Notes being offered hereby;

- will mature on October 23, 2022, unless earlier redeemed or repurchased, as discussed below;

- will bear cash interest from October 23, 2017 at an annual rate of 4.625% payable semi-annually on April 23 and October 23 of each year, beginning on April 23, 2018;

- will not be subject to any sinking fund;

- will be subject to redemption at our option as described under Optional Redemption;

will be subject to repurchase by us at the option of the holders following a Change of Control Repurchase Event (as defined below under Offer to Repurchase Upon a Change of Control Repurchase Event), at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the date of repurchase;

will be issued in denominations of $2,000 and integral multiples of $1,000 thereof; and

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will be represented by one or more registered Notes in global form, but in certain limited circumstances may be represented by Notes in definitive form. See Book-Entry, Settlement and Clearance.

The indenture does not limit the amount of debt that may be issued by us or our subsidiaries under the indenture or otherwise. The indenture does not contain any financial covenants and does not restrict us from paying distributions or issuing or repurchasing our other securities. Other than restrictions described under Offer to Repurchase Upon a Change of Control Repurchase Event and Merger, Consolidation or Sale of Assets below, the indenture does not contain any covenants or other provisions designed to afford holders of the Notes protection in the event of a highly leveraged transaction involving us or in the event of a decline in our credit rating as the result of a takeover, recapitalization, highly leveraged transaction or similar restructuring involving us that could adversely affect such holders.

We may, without the consent of the holders, issue additional Notes under the indenture with the same terms (except for the issue date, public offering price and, if applicable, the initial interest payment date) and with the same CUSIP numbers as the Notes offered hereby in an unlimited aggregate principal amount; provided that if such additional Notes are not fungible with the Notes offered hereby (or any other tranche of additional Notes) for U.S. federal income tax purposes, then such additional Notes will have different CUSIP numbers from the Notes offered hereby (and any such other tranche of additional Notes). The $ million aggregate principal amount of Notes offered hereby will be issued as additional Notes under the indenture.

We do not intend to apply to list the Notes on any securities exchange or any automated dealer quotation system.

Payments on the Notes; Paying Agent and Registrar; Transfer and Exchange

We will pay the principal of, and interest on, Notes in global form registered in the name of or held by DTC or its nominee in immediately available funds to DTC or its nominee, as the case may be, as the registered holder of such Global Note (as defined below).

Payment of principal of (and premium, if any) and any such interest on the Notes will be made at the corporate trust office of the trustee in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at our option payment of interest may be made by check mailed to the address of the person entitled thereto as such address shall appear in the security register.

A holder of Notes may transfer or exchange Notes at the office of the registrar in accordance with the indenture. The registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents. No service charge will be imposed by us, the trustee or the registrar for any registration of transfer or exchange of Notes, but we may require a holder to pay a sum sufficient to cover any transfer tax or other similar governmental charge required by law or permitted by the indenture.

The registered holder of a Note will be treated as its owner for all purposes.

Interest

The Notes will bear cash interest at a rate of 4.625% per year until maturity. Interest on the Notes will accrue from October 23, 2017 or from the most recent date on which interest has been paid or duly provided for. Interest will be payable semiannually in arrears on April 23 and October 23 of each year, beginning on April 23, 2018.

Interest will be paid to the person in whose name a Note is registered at 5:00 p.m. New York City time (the close of business) on April 8 or October 8, as the case may be, immediately preceding the relevant interest payment date. Interest on the Notes will be computed on the basis of a 360-day year composed of twelve 30-day months.

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If any interest payment date, redemption date, the maturity date or any earlier required repurchase date upon a Change of Control Repurchase Event (defined below) of a Note falls on a day that is not a business day, the required payment will be made on the next succeeding business day and no interest on such payment will accrue in respect of the delay. The term business day means, with respect to any Note, any day other than a Saturday, a Sunday or a day on which banking institutions in New York are authorized or obligated by law or executive order to close.

Ranking

The Notes will be our unsecured obligations that rank senior in right of payment to all of our existing and future indebtedness that is expressly subordinated, or junior, in right of payment to the Notes. The Notes will not be guaranteed by any of our current or future subsidiaries. The Notes will rank pari passu, or equally, in right of payment with all of our existing and future liabilities that are not so subordinated, or junior. The Notes will effectively rank subordinated, or junior, to any of our secured indebtedness (including unsecured indebtedness that we later secure) to the extent of the value of the assets securing such indebtedness. The Notes will rank structurally subordinated, or junior, to all existing and future indebtedness (including trade payables) incurred by our subsidiaries, financing vehicles or similar facilities. In the event of our bankruptcy, liquidation, reorganization or other winding up, our assets that secure secured debt will be available to pay obligations on the Notes only after all indebtedness under such secured debt has been repaid in full from such assets. We advise you that there may not be sufficient assets remaining to pay amounts due on any or all the Notes then outstanding.

As of September 30, 2017, our total consolidated indebtedness was approximately $744.2 million aggregate principal amount outstanding, of which approximately $65.5 million was secured indebtedness. After giving effect to the issuance of the Notes offered hereby, our total consolidated indebtedness would have been approximately $ million aggregate principal amount outstanding as of September 30, 2017. See Capitalization.

Optional Redemption

We may redeem some or all of the Notes at any time, or from time to time. If we choose to redeem any Notes prior to maturity, we will pay a redemption price equal to the greater of the following amounts, plus, in each case, accrued and unpaid interest to the redemption date:

- 100% of the principal amount of the Notes to be redeemed, or

- the sum of the present values of the remaining scheduled payments of principal and interest (exclusive of accrued and unpaid interest to the date of redemption) on the Notes to be redeemed, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30- day months) using the applicable Treasury Rate plus 45 basis points;

provided, however, that if we redeem any Notes on or after September 23, 2022 (the date falling one month prior to the maturity date of the Notes), the redemption price for the Notes will be equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption.

If we choose to redeem any Notes, we will deliver a notice of redemption to holders of Notes not less than 30 nor more than 60 days before the redemption date. If we are redeeming less than all of the Notes, the particular Notes to be redeemed will be selected in accordance with the applicable procedures of the trustee and, so long as the Notes are registered to DTC or its nominee, DTC; provided, however, that no such partial redemption shall reduce the portion of the principal amount of a Note not redeemed to less than $2,000. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Notes or portions of the Notes called for redemption.

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For purposes of calculating the redemption price in connection with the redemption of the Notes, on any redemption date, the following terms have the meanings set forth below:

Treasury Rate means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield-to-maturity of the Comparable Treasury Issue (computed as of the third business day immediately preceding the redemption), assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The redemption price and the Treasury Rate will be determined by us.

Comparable Treasury Issue means the United States Treasury security selected by the Reference Treasury Dealer as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financing practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes being redeemed.

Comparable Treasury Price means (1) the average of the remaining Reference Treasury Dealer Quotations for the redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Quotation Agent obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

Quotation Agent means a Reference Treasury Dealer selected by us.

Reference Treasury Dealer means each of (1) Citigroup Global Markets Inc. and (2) Jefferies LLC, or their respective affiliates which are primary U.S. government securities dealers and their respective successors; provided, however, that if any of the foregoing or their affiliates shall cease to be a primary U.S. government securities dealer in the United States (a Primary Treasury Dealer), we shall select another Primary Treasury Dealer.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 3:30 p.m. New York time on the third business day preceding such redemption date.

All determinations made by any Reference Treasury Dealer, including the Quotation Agent, with respect to determining the redemption price will be final and binding absent manifest error.

Offer to Repurchase Upon a Change of Control Repurchase Event

If a Change of Control Repurchase Event occurs, unless we have exercised our right to redeem the Notes in full, we will make an offer to each holder of Notes to repurchase all or any part (in minimum denominations of $2,000 and integral multiples of $1,000 principal amount) of that holder s Notes at a repurchase price in cash equal to 100% of the aggregate principal amount of Notes repurchased plus any accrued and unpaid interest on the Notes repurchased to, but not including, the date of purchase. Within 30 days following any Change of Control Repurchase Event or, at our option, prior to any Change of Control, but after the public announcement of the Change of Control, we will mail a notice to each holder describing the transaction or transactions that constitute or may constitute the Change of Control Repurchase Event and offering to repurchase Notes on the payment date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed. The notice shall, if mailed prior to the date of consummation of the Change of Control, state that the offer to purchase is conditioned on the Change of Control Repurchase Event occurring on or prior to the payment date specified in the notice. We will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control

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Repurchase Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Repurchase Event provisions of the Notes, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control Repurchase Event provisions of the Notes by virtue of such conflict.

On the Change of Control Repurchase Event payment date, subject to extension if necessary to comply with the provisions of the 1940 Act, we will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to our offer;

(2) deposit with the paying agent an amount equal to the aggregate purchase price in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the trustee the Notes properly accepted, together with an officers certificate stating the aggregate principal amount of Notes being purchased by us.

The paying agent will promptly remit to each holder of Notes properly tendered the purchase price for the Notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new Note equal in principal amount to any unpurchased portion of any Notes surrendered; provided that each new Note will be in a minimum principal amount of $2,000 or an integral multiple of $1,000 in excess thereof.

We will not be required to make an offer to repurchase the Notes upon a Change of Control Repurchase Event if a third party makes an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us and such third party purchases all Notes properly tendered and not withdrawn under its offer.

The source of funds that will be required to repurchase Notes in the event of a Change of Control Repurchase Event will be our available cash or cash generated from our operations or other potential sources, including funds provided by a purchaser in the Change of Control transaction, borrowings, sales of assets or sales of equity. We cannot assure you that sufficient funds from such sources will be available at the time of any Change of Control Repurchase Event to make required repurchases of Notes tendered. The terms of certain of our and our subsidiaries financing arrangements provide that certain change of control events will constitute an event of default thereunder entitling the lenders to accelerate any indebtedness outstanding under the our and our subsidiaries financing arrangements at that time and to terminate the financing arrangements. In addition, the indenture governing our 2022 Convertible Notes contains a provision that would require us to offer to purchase the 2022 Convertible Notes upon the occurrence of a fundamental change. A failure to purchase any tendered 2022 Convertible Notes would constitute an event of default under the indenture for the 2022 Convertible Notes, which would, in turn, constitute a default under the Credit Facilities and the indenture. See Management s Discussion and Analysis of Financial Condition and Results of Operations Financial Condition, Liquidity and Capital Resources in the accompanying prospectus for a general discussion of our indebtedness. Our and our subsidiaries future debt instruments may contain similar restrictions and provisions. If the holders of the Notes exercise their right to require us to repurchase Notes upon a Change of Control Repurchase Event, the financial effect of this repurchase could cause a default under our and our subsidiaries future debt instruments, even if the Change of Control Repurchase Event itself would not cause a default. It is possible that we will not have sufficient funds at the time of the Change of Control Repurchase Event to make the required repurchase of the Notes and/or our other debt. See Risk Factors Risks Relating to the Notes We may not be able to repurchase the Notes upon a Change of Control Repurchase Event.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, transfer, conveyance or other disposition of all or substantially all of our properties or assets and those of our subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise, established definition of the phrase under applicable law. Accordingly, the ability of a

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holder of Notes to require us to repurchase the Notes as a result of a sale, transfer, conveyance or other disposition of less than all of our assets and the assets of our subsidiaries taken as a whole to another person or group may be uncertain.

For purposes of the Notes:

Below Investment Grade Rating Event means the Notes are downgraded below Investment Grade by the Rating Agency on any date from the date of the public notice of an arrangement that results in a Change of Control until the end of the 60-day period following public notice of the occurrence of a Change of Control (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by the Rating Agency); provided that a Below Investment Grade Rating Event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular Change of Control (and thus shall not be deemed a Below Investment Grade Rating Event for purposes of the definition of Change of Control Repurchase Event hereunder) if the Rating Agency making the reduction in rating to which this definition would otherwise apply does not announce or publicly confirm or inform the trustee in writing at its request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Below Investment Grade Rating Event).

Change of Control means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation) in one or a series of related transactions, of all or substantially all of the assets of Hercules Capital and its Controlled Subsidiaries taken as a whole to any person or group (as those terms are used in Section 13(d)(3) of the Exchange Act), other than to any Permitted Holders; provided that, for the avoidance of doubt, a pledge of assets pursuant to any secured debt instrument of Hercules Capital or its Controlled Subsidiaries shall not be deemed to be any such sale, lease, transfer, conveyance or disposition;

(2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person or group (as those terms are used in Section 13(d)(3) of the Exchange Act) (other than any Permitted Holders) becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the outstanding Voting Stock of Hercules Capital, measured by voting power rather than number of shares; or

(3) the approval by Hercules Capital s stockholders of any plan or proposal relating to the liquidation or dissolution of Hercules Capital.

Change of Control Repurchase Event means the occurrence of a Change of Control and a Below Investment Grade Rating Event.

Controlled Subsidiary means any subsidiary of Hercules Capital, 50% or more of the outstanding equity interests of which are owned by Hercules Capital and its direct or indirect subsidiaries and of which Hercules Capital possesses, directly or indirectly, the power to direct or cause the direction of the management or policies, whether through the ownership of voting equity interests, by agreement or otherwise.

Investment Grade means a rating of BBB or better by S&P (or its equivalent under any successor rating categories of S&P) or the equivalent of any other Rating Agency, as applicable, or in each case, the equivalent under any successor category of such Rating Agency.

Kroll means Kroll Bond Rating Agency, Inc., or any successor thereto.

Permitted Holders means (i) us and (ii) one or more of our Controlled Subsidiaries.

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Rating Agency means:

(1) S&P; and

(2) if S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of our control, a nationally recognized statistical rating organization as defined in Section (3)(a)(62) of the Exchange Act selected by us as a replacement agency for S&P which may include Kroll.

S&P means Standard & Poor s Ratings Services, a Standard & Poor s Financial Services LLC business, or any successor thereto.

Voting Stock as applied to stock of any person, means shares, interests, participations or other equivalents in the equity interest (however designated) in such person having ordinary voting power for the election of a majority of the directors (or the equivalent) of such person, other than shares, interests, participations or other equivalents having such power only by reason of the occurrence of a contingency.

Covenants

In addition to the covenants described in the base indenture, the following covenants shall apply to the Notes. To the extent of any conflict or inconsistency between the base indenture and the following covenants, the following covenants shall govern:

Merger, Consolidation or Sale of Assets

The indenture provides that we will not merge or consolidate with or into any other person (other than a merger of a wholly owned subsidiary into us), or sell, transfer, lease, convey or otherwise dispose of all or substantially all our property (provided that, for the avoidance of doubt, a pledge of assets pursuant to any secured debt instrument of Hercules Capital or its Controlled Subsidiaries shall not be deemed to be any such sale, transfer, lease, conveyance or disposition) in any one transaction or series of related transactions unless:

we are the surviving person (the Surviving Person) or the Surviving Person (if other than us) formed by such merger or consolidation or to which such sale, transfer, lease, conveyance or disposition is made shall be a corporation or limited liability company organized and existing under the laws of the United States of America or any state or territory thereof;

the Surviving Person (if other than us) expressly assumes, by supplemental indenture in form reasonably satisfactory to the trustee, executed and delivered to the trustee by such Surviving Person, the due and punctual payment of the principal of, and premium, if any, and interest on, all the Notes outstanding, and the due and punctual performance and observance of all the covenants and conditions of the indenture to be performed by us;

immediately before and immediately after giving effect to such transaction or series of related transactions, no default or event of default shall have occurred and be continuing; and

we shall deliver, or cause to be delivered, to the trustee, an officers certificate and an opinion of counsel, each stating that such transaction and the supplemental indenture, if any, in respect thereto, comply with this covenant and that all conditions precedent in the indenture relating to such transaction have been complied with.

For the purposes of this covenant, the sale, transfer, lease, conveyance or other disposition of all the property of one or more of our subsidiaries, which property, if held by us instead of such subsidiaries, would constitute all or substantially all of our property on a consolidated basis, shall be deemed to be the transfer of all or substantially all of our property.

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Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve all or substantially all of the properties or assets of a person. As a result, it may be unclear as to whether the merger, consolidation or sale of assets covenant would apply to a particular transaction as described above absent a decision by a court of competent jurisdiction. Although these types of transactions are permitted under the indenture, certain of the foregoing transactions could constitute a Change of Control that results in a Change of Control Repurchase Event permitting each holder to require us to repurchase the Notes of such holder as described above.

An assumption by any person of obligations under the Notes and the indenture might be deemed for U.S. federal income tax purposes to be an exchange of the Notes for new Notes by the holders thereof, resulting in recognition of gain or loss for such purposes and possibly other adverse tax consequences to the holders. Holders should consult their own tax advisors regarding the tax consequences of such an assumption.

Other Covenants

- We agree that for the period of time during which the Notes are outstanding, we will not violate, whether or not we are subject to, Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act or any successor provisions, giving effect to any exemptive relief granted to us by the SEC (even if we are no longer subject to the 1940 Act).

- 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 GAAP, as applicable.

Events of Default

Each of the following is an event of default:

(1) default in the payment of any interest upon any Note when due and payable and the default continues for a period of 30 days;

(2) default in the payment of the principal of (or premium, if any, on) any Note when it becomes due and payable at its maturity including upon any redemption date or required repurchase date;

(3) our failure for 60 consecutive days after written notice from the trustee or the holders of at least 25% in principal amount of the Notes then outstanding has been received to comply with any of our other agreements contained in the Notes or indenture;

(4) default by us or any of our significant subsidiaries, as defined in Article 1, Rule 1-02 of Regulation S-X under the Exchange Act (but excluding any subsidiary which is (a) a non-recourse or limited recourse subsidiary, (b) a bankruptcy remote special purpose vehicle or (c) is not consolidated with Hercules Capital for purposes of GAAP), with respect to any mortgage, agreement or other instrument under which there may be outstanding, or by which there may be secured or evidenced, any indebtedness for money borrowed in excess of $50 million in the aggregate of us and/or any such subsidiary, whether such indebtedness now exists or shall hereafter be created (i) resulting in such indebtedness becoming or being declared due and payable or (ii) constituting a failure to pay the principal or interest of any such debt when due and payable at its stated maturity, upon required repurchase, upon declaration of acceleration or otherwise, unless, in either case, such indebtedness is discharged, or such acceleration is rescinded, stayed or annulled, within a period of 30 calendar days after written notice of such failure is given to us by the trustee or to us and the trustee by the holders of at least 25% in aggregate principal amount of the Notes then outstanding;

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(5) Pursuant to Section 18(a)(1)(C)(ii) and Section 61 of the 1940 Act, on the last business day of each of 24 consecutive calendar months, any class of securities shall have an asset coverage (as such term is used in the 1940 Act) of less than 100% giving effect to any exemptive relief granted to us by the SEC; or

(6) certain events of bankruptcy, insolvency, or reorganization involving us occur and remain undischarged or unstayed for a period of 60 days.

If an event of default occurs and is continuing, then and in every such case (other than an event of default specified in item (6) above) the trustee or the holders of at least 25% in principal amount of the outstanding Notes may declare the entire principal amount of Notes to be due and immediately payable, by a notice in writing to us (and to the trustee if given by the holders), and upon any such declaration such principal or specified portion thereof shall become immediately due and payable. Notwithstanding the foregoing, in the case of the events of bankruptcy, insolvency or reorganization described in item (6) above, 100% of the principal of and accrued and unpaid interest on the Notes will automatically become due and payable.

At any time after a declaration of acceleration with respect to the Notes has been made and before a judgment or decree for payment of the money due has been obtained by the trustee, the holders of a majority in principal amount of the outstanding Notes, by written notice to us and the trustee, may rescind and annul such declaration and its consequences if (i) we have paid or deposited with the trustee a sum sufficient to pay all overdue installments of interest, if any, on all outstanding Notes, the principal of (and premium, if any, on) all outstanding Notes that have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates borne by or provided for in such Notes, to the extent that payment of such interest is lawful interest upon overdue installments of interest at the rate or rates borne by or provided for in such Notes, and all sums paid or advanced by the trustee and the reasonable compensation, expenses, disbursements and advances of the trustee, its agents and counsel, and (ii) all events of default with respect to the Notes, other than the nonpayment of the principal of (or premium, if any, on) or interest on such Notes that have become due solely by such declaration of acceleration, have been cured or waived. No such rescission will affect any subsequent default or impair any right consequent thereon.

No holder of Notes will have any right to institute any proceeding, judicial or otherwise, with respect to the indenture, or for the appointment of a receiver or trustee, or for any other remedy under the indenture, unless

(i) such holder has previously given written notice to the trustee of a continuing event of default with respect to the Notes,

(ii) the holders of not less than 25% in principal amount of the outstanding Notes shall have made written request to the trustee to institute proceedings in respect of such event of default;

(iii) such holder or holders have offered to the trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(iv) the trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(v) no direction inconsistent with such written request has been given to the trustee during such 60-day period by the holders of a majority in principal amount of the outstanding Notes.

Notwithstanding any other provision in the indenture, the holder of any Note shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any, on) and interest, if any, on such Note on the stated maturity or maturity expressed in such Note (or, in the case of redemption, on the redemption date or, in the case of repayment at the option of the holders, on the repayment date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such holder.

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The trustee shall be under no obligation to exercise any of the rights or powers vested in it by the indenture at the request or direction of any of the holders of the Notes unless such holders shall have offered to the trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. Subject to the foregoing, the holders of a majority in principal amount of the outstanding Notes shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to the Notes, provided that (i) such direction shall not be in conflict with any rule of law or with this indenture, (ii) the trustee may take any other action deemed proper by the trustee that is not inconsistent with such direction and (iii) the trustee need not take any action that it determines in good faith may involve it in personal liability or be unjustly prejudicial to the holders of Notes not consenting.

The holders of not less than a majority in principal amount of the outstanding Notes may on behalf of the holders of all of the Notes waive any past default under the indenture with respect to the Notes and its consequences, except a default (i) in the payment of (or premium, if any, on) or interest, if any, on any Note, or (ii) in respect of a covenant or provision of the indenture which cannot be modified or amended without the consent of the holder of each outstanding Note affected. Upon any such waiver, such default shall cease to exist, and any event of default arising therefrom shall be deemed to have been cured, for every purpose, but no such waiver shall extend to any subsequent or other default or event of default or impair any right consequent thereto.

We are required to deliver to the trustee, within 120 days after the end of each fiscal year, an officers certificate stating that to the knowledge of the signers whether we are in default in the performance of any of the terms, provisions or conditions of the indenture.

Within 90 days after the occurrence of any default under the indenture with respect to the Notes, the trustee shall transmit notice of such default known to the trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of (or premium, if any, on) or interest, if any, on any Note, the trustee shall be protected in withholding such notice if and so long as the Board of Directors, the executive committee or a trust committee of directors of the trustee in good faith determines that withholding of such notice is in the interest of the holders of the Notes.

Satisfaction and Discharge; Defeasance

We may satisfy and discharge our obligations under the indenture by delivering to the securities registrar for cancellation all outstanding Notes or by depositing with the trustee or delivering to the holders, as applicable, after the Notes have become due and payable, or otherwise, moneys sufficient to pay all of the outstanding Notes and paying all other sums payable under the indenture by us. Such discharge is subject to terms contained in the indenture.

In addition, the Notes are subject to defeasance and covenant defeasance, in each case, in accordance with the terms of the indenture. Defeasance means that, subject to the satisfaction of certain conditions, including, but not limited to, (i) depositing in trust for the benefit of the holders of the Notes a combination of money and/or U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the Notes on their various due date and (ii) delivering to the Trustee an opinion of counsel stating that (a) we have received from, or there has been published by, the Internal Revenue Service (the IRS) a ruling, or (b) since the date of execution of the indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon, the holders and beneficial owners of the Notes and any coupons appertaining thereto will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred, we can legally release ourselves from all payment and other obligations on the Notes. Covenant defeasance means that, subject to the satisfaction of certain conditions, including, but not limited to, (i) depositing in trust for the benefit of the holders of the Notes a combination of money and/or U.S. government

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or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the Notes on their various due dates and (ii) delivering to the Trustee an opinion of counsel to the effect that the holders and beneficial owners of the Notes and any coupons appertaining thereto will not recognize income, gain or loss for federal income tax purposes as a result of such covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred, we will be released from some of the restrictive covenants in the indenture.

Trustee

U.S. Bank National Association is the trustee, security registrar and paying agent. U.S. Bank National Association, in each of its capacities, including without limitation as trustee, security registrar and paying agent, assumes no responsibility for the accuracy or completeness of the information concerning us or our affiliates or any other party contained in this document or the related documents or for any failure by us or any other party to disclose events that may have occurred and may affect the significance or accuracy of such information, or for any information provided to it by us, including but not limited to settlement amounts and any other information.

We may maintain banking relationships in the ordinary course of business with the trustee and its affiliates.

Governing Law

The indenture provides that it and the Notes shall be governed by and construed in accordance with the laws of the State of New York, without regard to principles of conflicts of laws that would cause the application of laws of another jurisdiction.

Book-Entry, Settlement and Clearance

Global Notes

The Notes will be initially issued in the form of one or more registered Notes in global form, without interest coupons (the Global Notes). Upon issuance, each of the Global Notes will be deposited with the trustee as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Ownership of beneficial interests in a Global Note will be limited to persons who have accounts with DTC (DTC participants) or persons who hold interests through DTC participants. We expect that under procedures established by DTC:

- upon deposit of a Global Note with DTC s custodian, DTC will credit portions of the principal amount of the Global Note to the accounts of the DTC participants designated by the underwriters; and

- ownership of beneficial interests in a Global Note will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the Global Note).

Beneficial interests in Global Notes may not be exchanged for Notes in physical, certificated form except in the limited circumstances described below.

Book-Entry Procedures for Global Notes

All interests in the Global Notes will be subject to the operations and procedures of DTC. We provide the following summary of those operations and procedures solely for the convenience of investors. The operations and procedures of DTC are controlled by that settlement system and may be changed at any time. Neither we nor the underwriters are responsible for those operations or procedures.

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DTC has advised us that it is:

- a limited purpose trust company organized under the laws of the State of New York;
- a banking organization within the meaning of the New York State Banking Law;
- a member of the Federal Reserve System;
- a clearing corporation within the meaning of the Uniform Commercial Code; and
- a clearing agency registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants. DTC s participants include securities brokers and dealers, including the underwriters; banks and trust companies; clearing corporations and other organizations. Indirect access to DTC s system is also available to others such as banks, brokers, dealers and trust companies; these indirect participants clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC.

So long as DTC s nominee is the registered owner of a Global Note, that nominee will be considered the sole owner or holder of the Notes represented by that Global Note for all purposes under the indenture. Except as provided below, owners of beneficial interests in a Global Note:

- will not be entitled to have Notes represented by the Global Note registered in their names;
- will not receive or be entitled to receive physical, certificated Notes; and
- will not be considered the owners or holders of the Notes under the indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee under the indenture.

As a result, each investor who owns a beneficial interest in a Global Note must rely on the procedures of DTC to exercise any rights of a holder of Notes under the indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through which the investor owns its interest).

Payments of principal and interest with respect to the Notes represented by a Global Note will be made by the trustee to DTC s nominee as the registered holder of the Global Note. Neither we nor the Trustee will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a Global Note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a Global Note will be governed by standing instructions and customary industry practice and will be the responsibility of those participants or indirect participants and DTC.

Transfers between participants in DTC will be effected under DTC s procedures and will be settled in same-day funds.

Certificated Notes

Notes in physical, certificated form will be issued and delivered to each person that DTC identifies as a beneficial owner of the related Notes only if:

- DTC notifies us at any time that it is unwilling or unable to continue as depositary for the Global Notes and a successor depositary is not appointed within 90 days;

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DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depositary is not appointed within 90 days; or

an event of default with respect to the Notes has occurred and is continuing and such beneficial owner requests that its Notes be issued in physical, certificated form.

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UNDERWRITING

We are offering the Notes described in this prospectus supplement and the accompanying prospectus through a number of underwriters. Citigroup Global Markets Inc. and Jefferies 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
Citigroup Global Markets Inc.	$
Jefferies LLC	$
Wells Fargo Securities, LLC	$
Total	$

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

The following table shows the total underwriting discounts and commissions that we are to pay to the underwriters in connection with this offering.

	Per Note	Total
Public offering price	%	$
Underwriting discount	%	$
Proceeds, before expenses, to us	%	$

The public offering price set forth above does not include accrued interest of $ in the aggregate from October 23, 2017 up to, but not including, the date of delivery.

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, Inc. (FINRA) members at the public offering price less a concession not in excess of % of the aggregate principal amount of the Notes. The underwriters may allow, and the dealers may reallow, a discount not in excess of % 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.

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 which are substantially similar to the Notes or securities

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convertible into such debt securities which are substantially similar to the Notes 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

We cannot assure you that an active and liquid market for the Notes will be established or maintained. Although the underwriters have informed us that they intend to continue to make a market in the Notes, as permitted by applicable laws and regulations, they are not obligated to do so and may discontinue market making activities at any time without notice. The Notes are not listed on any securities exchange or quoted on any automated dealer quotation system, and we do not intend to apply for a listing of the Notes on any securities exchange or any automated dealer quotation system. Accordingly, we cannot assure you that a liquid market for the Notes will be established or maintained. If an active public trading market for the Notes is not established or maintained, 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.

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.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor any of the underwriters make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

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

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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. In addition, an affiliate of Wells Fargo Securities, LLC serves as arranger, administrative agent and lender under the Wells Facility.

Citigroup Global Markets Inc. and Jefferies LLC also were underwriters in connection with offering of the Existing Notes.

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 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 Citigroup Global Markets Inc. is 388 Greenwich Street, New York, New York 10013. The principal business address of Jefferies LLC is 520 Madison Avenue, New York, New York 10022. The principal business address of Wells Fargo Securities, LLC is 550 South Tryon Street, Charlotte, North Carolina 28202.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Member State it has not made and will not make an offer of Notes to the public in that Member State, except that it may, with effect from and including such date, make an offer of Notes to the public in that Member State:

(a) to any legal entity that is a qualified investor as defined in the Prospectus Directive;

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(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors, as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the underwriters nominated by the Company for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided, that no such offer of Notes shall require the Company or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of the above, the expression an offer of Notes to the public in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act of 2000 (the FSMA)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Alternative Settlement Cycle

We expect that delivery of the Notes will be made to investors on or about January , 2018, which will be the 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+ , 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 offered hereby that are purchased for cash in this offering for a price equal to the public offering price of the Notes shown on the front cover of this prospectus supplement (plus accrued interest from October 23, 2017 (the offering price)). 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 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 acquisition, ownership and disposition of our Notes. For a summary of the U.S. federal income tax considerations applicable to us regarding our election to be treated as a RIC, please refer to Certain United States Federal Income Tax Considerations Election to be Taxed as a RIC and Taxation as a Regulated Investment Company in the accompanying prospectus.

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 (as defined in Section 985 of the Code) 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 acquiring 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). An individual may, subject to certain exceptions, be subject to treatment as a resident alien, as opposed to a non-resident alien, for U.S. federal income tax purposes by, among other ways, being physically present in the U.S. (i) on at least 31 days during a calendar year, and (ii) for an aggregate period of at least 183 days during a three-year period ending in the current calendar year, counting for such purposes all of the days present in the current calendar year, one-third of the days present in the immediate preceding year, and one-sixth of the days present in the second preceding year. Resident aliens are subject to U.S. federal income tax as if they were citizens of the United States.

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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.

We intend to treat, for U.S. federal income tax purposes, the issuance of the Notes offered hereby as a qualified reopening of the Existing Notes which were issued on October 23, 2017 with an issue price equal to 99.449% of their principal amount and which will mature on October 23, 2022. Accordingly, we intend to treat the Notes offered hereby as having the same issue date and the same issue price as the Existing Notes for U.S. federal income tax purposes. The remainder of this discussion assumes that the issuance of the Notes offered hereby will be treated as a qualified reopening for U.S. federal income tax purposes.

Taxation of Note Holders

Taxation of U.S. Holders.

Except as discussed below, 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.

A portion of the price paid for a Note offered hereby is attributable to the amount of unpaid interest on the Existing Notes that has accrued from October 23, 2017 (the pre-issuance accrued interest). Pursuant to certain Treasury Regulations, we intend to treat a portion of the first interest payment on the Notes offered hereby as a return of the pre-issuance accrued interest, rather than an amount payable on such Notes offered hereby. A U.S. holder should be able to treat a portion of the first interest payment on a Note offered hereby as a non-taxable return of the pre-issuance accrued interest paid by the U.S. holder, rather than as taxable interest, as if the U.S. holder purchased a debt instrument on the secondary market between interest payment dates. The remainder of this discussion assumes that the Notes offered hereby will be so treated, and all references to interest in the remainder of this discussion exclude references to pre-issuance accrued interest. U.S. holders should consult their own tax advisors concerning the tax treatment of the pre-issuance accrued interest on the Notes offered hereby.

If a U.S. holder purchases a Note offered hereby for an amount in excess of its stated principal amount the U.S. holder will be considered to have purchased the Note offered hereby with bond premium equal to the excess of the U.S. holder s purchase price over the principal amount of the Note offered hereby. A U.S. holder generally may elect to amortize the premium over the remaining term of the Note using a constant yield method. Any amortized amount of the premium for a taxable year generally will be treated first as an offset to interest on the Notes offered hereby includible in income in such taxable year, then as a deduction allowed in that taxable year to the extent of the U.S. holder s prior interest inclusions on the Notes offered hereby, and finally as a carryforward allowable against the U.S. holder s future interest inclusions on the Note offered hereby, in each case, under the U.S. holder s regular accounting method. If a U.S. holder makes this election, the U.S. holder will be required to reduce the U.S. holder s tax basis in the Note offered hereby by the amount of the premium amortized. If the U.S. holder does not elect to amortize the premium, that premium will decrease the gain or increase the loss the U.S. holder would otherwise recognize on disposition of the Note offered hereby. An election to amortize premium will also apply to all other taxable debt instruments held or subsequently acquired by such U.S. holder on or after the first day of the first taxable year for which the election is made. Such an election may not be revoked without the consent of the IRS. U.S. holders should consult their own tax advisors about this election.

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

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unpaid interest, which are treated as ordinary income to the extent not previously included in income and excluding any amounts representing a return of the pre-issuance accrued interest actually received by the U.S. holder) 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 (which, for this purpose, should exclude the amount of any pre-issuance accrued interest) reduced by the amount of any bond premium previously amortized by the U.S. holder. 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.

A tax of 3.8% will be imposed on certain net investment income (or undistributed net investment income, in the case of certain 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 on and gain recognized from the sale, redemption, retirement 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.

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 U.S. nonresident withholding tax certification form, signed under penalties of perjury, to the applicable withholding agent. 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 at a rate of 24% 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 may apply.

If you are a non-U.S. holder, generally, the applicable withholding agent must report to the IRS and to you payments of interest on the Notes and the amount of tax, if any, withheld with respect to those payments. Copies of the information returns reporting such interest payments and any withholding may also be made available to the tax authorities in the country in which you reside under the provisions of a treaty or agreement. In general, backup withholding will not apply to payments of interest on your Notes if you have provided to the applicable withholding agent the required certification that you are not a U.S. person and the applicable withholding agent does not have actual knowledge or reason to know that you are a U.S. person. Information reporting and, depending on the circumstances, backup withholding will apply to payment to you of the proceeds of a sale or other disposition (including a retirement or redemption) of the Notes within the U.S. or conducted through certain U.S.-related financial intermediaries, unless you certify under penalties of perjury that you are not a U.S. person or you otherwise establish an exemption, and the applicable withholding agent does not have actual knowledge or reason to know that you are a U.S. person. 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.

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 U.S. nonresident withholding tax certification form (e.g., IRS Form W-8BEN), 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 the 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 the Notes through non-U.S. entities, should consult their own tax advisors regarding the effect, if any, of these withholding and reporting provisions.

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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LEGAL MATTERS

Certain legal matters in connection with the securities offered hereby will be passed upon for us by Dechert LLP, Philadelphia, PA. 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, 2016 and 2015 and for each of the three years in the period ended December 31, 2016 and management s assessment of the effectiveness of internal control over financial reporting (which is included in Management s Report on Internal Control over Financial Reporting) as of December 31, 2016 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)

	September 30, 2017	December 31, 2016
Assets		
Investments:		
Non-control/Non-affiliate investments (cost of $1,374,173 and $1,475,918 respectively)	$ 1,360,146	$ 1,414,210
Control investments (cost of $25,788 and $22,598, respectively)	23,382	4,700
Affiliate investments (cost of $89,050 and $13,010, respectively)	33,586	5,032
Total investments in securities, at value (cost of $1,489,011 and $1,511,526 respectively)	1,417,114	1,423,942
Cash and cash equivalents	140,568	13,044
Restricted cash	7,813	8,322
Interest receivable	10,507	11,614
Other assets	6,995	7,282
Total assets	$ 1,582,997	$ 1,464,204
Liabilities		
Accounts payable and accrued liabilities	$ 19,057	$ 21,463
Credit Facilities		5,016
2021 Asset-Backed Notes, net (principal of $65,476 and $109,205, respectively)(1)	64,860	107,972
Convertible Notes, net (principal of $230,000 and $0, respectively)(1)	223,097	
2019 Notes, net (principal of $0 and $110,364, respectively)(1)		108,818
2024 Notes, net (principal of $258,510 and $252,873, respectively)(1)	251,716	245,490
SBA Debentures, net (principal of $190,200 and $190,200, respectively)(1)	187,983	187,501
Total liabilities	$ 746,713	$ 676,260
Net assets consist of:		
Common stock, par value	84	80
Capital in excess of par value	904,357	839,657
Unrealized depreciation on investments(2)	(73,388)	(89,025)
Accumulated undistributed realized gains on investments	10,674	37,603
Distributions in excess of net investment income	(5,443)	(371)
Total net assets	$ 836,284	$ 787,944
Total liabilities and net assets	$ 1,582,997	$ 1,464,204
Shares of common stock outstanding ($0.001 par value, 200,000,000 authorized)	83,615	79,555
Net asset value per share	$ 10.00	$ 9.90

(1) The Company s 2021 Asset-Backed Notes, Convertible Notes, 2019 Notes, 2024 Notes and SBA Debentures, 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 $1.5 million and $1.4 million in net unrealized depreciation on other assets and accrued liabilities, including escrow receivables, estimated taxes payable and warrant participation agreement liabilities as of September 30, 2017 and December 31, 2016, respectively.

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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)	**September 30, 2017**	**December 31, 2016**
Assets		
Restricted Cash	$ 7,813	$ 8,322
Total investments in securities, at value (cost of $168,662 and $244,695, respectively)	166,861	242,349
Total assets	$ 174,674	$ 250,671
Liabilities		
2021 Asset-Backed Notes, net (principal of $65,476 and $109,205, respectively)(1)	$ 64,860	$ 107,972
Total liabilities	$ 64,860	$ 107,972

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

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HERCULES CAPITAL, INC.

CONSOLIDATED STATEMENT OF OPERATIONS

(unaudited)

(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Investment income:				
Interest and PIK interest income				
Interest income:				
Non-control/Non-affiliate investments	$ 39,361	$ 37,783	$ 117,388	$ 110,219
Control investments	321	7	994	7
Affiliate investments	246	30	248	145
Total interest income	39,928	37,820	118,630	110,371
PIK interest income:				
Non-control/Non-affiliate investments	2,364	2,124	6,661	5,668
Control investments	143	8	511	8
Total PIK interest income	2,507	2,132	7,172	5,676
Total interest and PIK interest income	42,435	39,952	125,802	116,047
Fee income				
Commitment, facility and loan fee income:				
Non-control/Non-affiliate investments	2,239	3,274	7,613	8,700
Control investments	1	1	11	1
Affiliate investments	2		2	
Total commitment, facility and loan fee income	2,242	3,275	7,626	8,701
One-time fee income:				
Non-control/Non-affiliate investments	1,188	1,875	7,254	2,831
Total one-time fee income	1,188	1,875	7,254	2,831
Total fee income	3,430	5,150	14,880	11,532
Total investment income	45,865	45,102	140,682	127,579
Operating expenses:				
Interest	9,185	8,717	28,046	23,306
Loan fees	1,314	1,432	5,500	3,698
General and administrative	3,548	4,114	12,362	12,095
Employee compensation:				
Compensation and benefits	6,014	5,621	17,276	15,637
Stock-based compensation	1,831	1,442	5,573	5,616
Total employee compensation	7,845	7,063	22,849	21,253
Total operating expenses	21,892	21,326	68,757	60,352

Net investment income	23,973	23,776	71,925	67,227
Net realized gain (loss) on investments				
Non-control/Non-affiliate investments	(8,911)	7,870	(10,940)	3,427
Control investments	(15,543)		(15,989)	
Total net realized gain (loss) on investments	(24,454)	7,870	(26,929)	3,427
Net change in unrealized appreciation (depreciation) on investments				
Non-control/Non-affiliate investments	11,320	(1,387)	45,420	(11,005)
Control investments	17,624		17,703	(3,421)
Affiliate investments	4,609	553	(47,486)	(1,646)
Total net unrealized appreciation (depreciation) on investments	33,553	(834)	15,637	(16,072)
Total net realized and unrealized gain (loss)	9,099	7,036	(11,292)	(12,645)
Net increase in net assets resulting from operations	$ 33,072	$ 30,812	$ 60,633	$ 54,582
Net investment income before investment gains and losses per common share:				
Basic	$ 0.29	$ 0.32	$ 0.87	$ 0.91
Change in net assets resulting from operations per common share:				
Basic	$ 0.40	$ 0.41	$ 0.73	$ 0.74
Diluted	$ 0.40	$ 0.41	$ 0.73	$ 0.74
Weighted average shares outstanding				
Basic	82,496	74,122	82,073	72,685
Diluted	82,607	74,157	82,173	72,702
Distributions declared per common share:				
Basic	$ 0.31	$ 0.31	$ 0.93	$ 0.93

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HERCULES CAPITAL, INC.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(unaudited)

(dollars and shares in thousands)

	Common Stock Shares	Common Stock Par Value	Capital in excess of par value	Unrealized Appreciation (Depreciation) on Investments	Accumulated Undistributed Realized Gains (Losses) on Investments	Undistributed Net Investment Income/ (Distributions in Excess of Investment Income)	Net Assets
Balance at December 31, 2015	72,118	$ 73	$ 751,902	$ (52,808)	$ 27,993	$ (10,026)	$ 717,134
Net increase (decrease) in net assets resulting from operations				(16,072)	3,427	67,227	54,582
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)
Distributions reinvested in common stock	111		1,343				1,343
Distributions						(68,408)	(68,408)
Stock-based compensation[(1)]			5,685				5,685
Balance at September 30, 2016	76,400	$ 77	$ 802,179	$ (68,880)	$ 31,420	$ (11,207)	$ 753,589
Balance at December 31, 2016	79,555	$ 80	$ 839,657	$ (89,025)	$ 37,603	$ (371)	$ 787,944
Net increase (decrease) in net assets resulting from operations				15,637	(26,929)	71,925	60,633
Public offering, net of offering expenses	4,077	4	56,330				56,334
Issuance of common stock due to stock option exercises	46		213				213
Retired shares from net issuance	(18)		(172)				(172)

Issuance of common stock under restricted stock plan	10						
Retired shares for restricted stock vesting	(187)		(2,483)				(2,483)
Distributions reinvested in common stock	132		1,780				1,780
Issuance of Convertible Notes			3,413				3,413
Distributions						(76,997)	(76,997)
Stock-based compensation(1)			5,619				5,619
Balance at September 30, 2017	83,615	$ 84	$ 904,357	$ (73,388)	$ 10,674	$ (5,443)	$ 836,284

(1) Stock-based compensation includes $46 and $69 of restricted stock and option expense related to director compensation for the nine months ended September 30, 2017 and 2016, respectively.

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HERCULES CAPITAL, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited)

(dollars in thousands)

	For the Nine Months Ended September 30,	
	2017	**2016**
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations	$ 60,633	$ 54,582
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:		
Purchase of investments	(487,321)	(461,772)
Principal and fee payments received on investments	486,985	340,584
Proceeds from the sale of investments	21,945	16,701
Net unrealized appreciation (depreciation) on investments	(15,637)	16,072
Net realized loss (gain) on investments	26,929	(3,427)
Accretion of paid-in-kind principal	(7,078)	(5,317)
Accretion of loan discounts	(5,242)	(5,524)
Accretion of loan discount on Convertible Notes	448	82
Accretion of loan exit fees	(14,413)	(16,679)
Change in deferred loan origination revenue	1,083	(253)
Unearned fees related to unfunded commitments	441	(308)
Amortization of debt fees and issuance costs	4,534	2,987
Depreciation	153	152
Stock-based compensation and amortization of restricted stock grants(1)	5,619	5,685
Change in operating assets and liabilities:		
Interest and fees receivable	1,107	(1,622)
Prepaid expenses and other assets	(1,100)	228
Accounts payable		56
Accrued liabilities	(2,457)	(729)
Net cash provided by (used in) operating activities	76,629	(58,502)
Cash flows from investing activities:		
Purchases of capital equipment	(127)	(227)
Reduction of restricted cash	509	211
Net cash provided by (used in) investing activities	382	(16)
Cash flows from financing activities:		
Issuance of common stock, net	56,334	50,177
Repurchase of common stock, net		(4,790)
Retirement of employee shares	(2,442)	(2,134)
Distributions paid	(75,217)	(67,065)
Issuance of Convertible Notes	230,000	
Issuance of 2024 Notes Payable	5,637	141,945
Repayments of 2019 Notes Payable	(110,364)	
Repayments of 2021 Asset-Backed Notes	(43,729)	(12,296)
Borrowings of credit facilities	8,497	193,276
Repayments of credit facilities	(13,513)	(243,276)
Cash paid for debt issuance costs	(4,662)	(4,858)
Cash paid for redemption of convertible notes		(17,604)
Fees paid for credit facilities and debentures	(28)	(1,041)

Net cash provided by financing activities	50,513	32,334
Net increase (decrease) in cash and cash equivalents	127,524	(26,184)
Cash and cash equivalents at beginning of period	13,044	95,196
Cash and cash equivalents at end of period	$ 140,568	$ 69,012
Supplemental non-cash investing and financing activities:		
Distributions reinvested	1,780	1,343

(1) Stock-based compensation includes $46 and $69 of restricted stock and option expense related to director compensation for the nine months ended September 30, 2017 and 2016, respectively.

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(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	$ 5,405	$ 5,488	$ 5,545
Subtotal: 1-5 Years Maturity						5,488	5,545
Subtotal: Biotechnology Tools (0.66%)*						5,488	5,545
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							
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	$ 19,619	19,686	19,830
	Consumer & Business Products	Senior Secured	December 2018	Interest rate PRIME + 6.00% or Floor rate of 9.50%	$ 1,000	1,000	1,000
Total Antenna79 (p.k.a. Pong Research Corporation)					$ 20,619	20,686	20,830
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						22,467	20,830
Subtotal: Consumer & Business Products (2.49%)*						22,467	20,830
Drug Delivery							
Under 1 Year Maturity							
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	$ 3,958	4,120	4,120
Subtotal: Under 1 Year Maturity						4,120	4,120

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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	$ 20,466	$ 21,575	$ 21,650
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	$ 12,465	12,787	12,738
Antares Pharma Inc.[10][15]	Drug Delivery	Senior Secured	July 2022	Interest rate PRIME + 4.50% or Floor rate of 8.75%, 4.25% Exit Fee	$ 25,000	24,933	24,933
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	20,252	20,326
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	$ 7,812	8,071	8,023
Subtotal: 1-5 Years Maturity						87,618	87,670
Subtotal: Drug Delivery (10.98%)*						91,738	91,790
Drug Discovery & Development							
Under 1 Year Maturity							
CytRx Corporation[11][15]		Senior Secured	August 2018		$ 11,000	11,901	11,901

	Drug Discovery & Development			Interest rate PRIME + 6.00% or Floor rate of 9.50%, 7.09% Exit Fee			
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	$ 3,066	3,349	
Subtotal: Under 1 Year Maturity						15,250	11,901
1-5 Years Maturity							
Auris Medical Holding, AG(5)(10)	Drug Discovery & Development	Senior Secured	January 2020	Interest rate PRIME + 6.05% or Floor rate of 9.55%, 5.75% Exit Fee	$ 11,435	11,598	11,585
Aveo Pharmaceuticals, Inc.(10)(13)	Drug Discovery & Development	Senior Secured	December 2019	Interest rate PRIME + 6.90% or Floor rate of 11.90%, 5.40% Exit Fee	$ 10,000	10,367	10,413

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	Drug Discovery & Development	Senior Secured	December 2019	Interest rate PRIME + 6.90% or Floor rate of 11.90%, 3.00% Exit Fee	$ 10,000	$ 9,904	$ 9,914
Total Aveo Pharmaceuticals, Inc.					$ 20,000	20,271	20,327
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	53,479	53,680
Bellicum Pharmaceuticals, Inc.[15]	Drug Discovery & Development	Senior Secured	March 2020	Interest rate PRIME + 5.85% or Floor rate of 9.35%, 8.11% Exit Fee	$ 15,000	15,527	15,653
	Drug Discovery & Development	Senior Secured	March 2020	Interest rate PRIME + 5.85% or Floor rate of 9.35%, 3.48% Exit Fee	$ 5,000	5,042	5,105
	Drug Discovery & Development	Senior Secured	March 2020	Interest rate PRIME + 5.85% or Floor rate of 9.35%, 6.95% Exit Fee	$ 10,000	10,118	10,193
Total Bellicum Pharmaceuticals, Inc.					$ 30,000	30,687	30,951
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	$ 6,565	6,794	5,100
CTI BioPharma Corp. (p.k.a. Cell Therapeutics, Inc.)[11]							
	Drug Discovery & Development	Senior Secured	December 2018	Interest rate PRIME + 7.70% or Floor rate of 10.95%, 4.09% Exit Fee	$ 14,964	14,794	14,800

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	$ 15,441	16,001	15,971
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	55,253	55,297
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	$ 35,444	35,285	35,325

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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	$ 39,943	$ 39,935
	Drug Discovery & Development	Senior Secured	September 2020	Interest rate PRIME + 2.75% or Floor rate of 8.50%, 4.50% Exit Fee	$ 10,000	9,986	9,985
Total Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.)					$ 50,000	49,929	49,920
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	$ 5,468	5,554	5,563
Sorrento Therapeutics, Inc.[10][13]	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 5.75% or Floor rate of 9.25%, 5.50% Exit Fee	$ 30,000	29,113	28,854
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	14,794	14,794
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	20,479	20,456
Verastem, Inc.[12][17]	Drug Discovery &	Senior Secured	December 2020	Interest rate PRIME + 6.00% or Floor rate of	$ 2,500	2,478	2,476

	Development			10.50%, 4.50% Exit Fee			
Subtotal: 1-5 Years Maturity						366,509	365,099
Subtotal: Drug Discovery & Development (45.08%)*						381,759	377,000
Electronics & Computer Hardware							
1-5 Years Maturity							
908 DEVICES INC.(15)(17)	Electronics & Computer Hardware	Senior Secured	September 2020	Interest rate PRIME + 4.00% or Floor rate of 8.25%, 4.25% Exit Fee	$ 7,500	7,501	7,468
Subtotal: 1-5 Years Maturity						7,501	7,468
Subtotal: Electronics & Computer Hardware (0.89%)*						7,501	7,468

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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]
Healthcare Services, Other							
1-5 Years Maturity							
Medsphere Systems Corporation[13][14]							
	Healthcare Services, Other	Senior Secured	February 2021	Interest rate PRIME + 4.75% or Floor rate of 9.00%, PIK Interest 1.75%	$ 17,530	$ 17,339	$ 17,339
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	19,848	19,848
PH Group Holdings[13]	Healthcare Services, Other	Senior Secured	September 2020	Interest rate PRIME + 7.45% or Floor rate of 10.95%	$ 20,000	19,859	19,893
	Healthcare Services, Other	Senior Secured	September 2020	Interest rate PRIME + 7.45% or Floor rate of 10.95%	$ 10,000	9,911	9,875
Total PH Group Holdings					$ 30,000	29,770	29,768
Subtotal: 1-5 Years Maturity						66,957	66,955
Subtotal: Healthcare Services, Other (8.01%)*						66,957	66,955
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%	$ 7,535	7,317	7,317
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%,	$ 9,005	8,605	8,605

				3.00% Exit Fee			
Subtotal: 1-5 Years Maturity						15,922	15,922
Subtotal: Information Services (1.90%)*						15,922	15,922
Internet Consumer & Business Services							
1-5 Years Maturity							
Aria Systems, Inc.(11)(14)	Internet Consumer & Business Services	Senior Secured	June 2019	Interest rate PRIME + 3.20% or Floor rate of 6.95%, PIK Interest 1.95%, 1.50% Exit Fee	$ 2,092	2,086	1,797

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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)
	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	$ 18,739	$ 18,676	$ 16,091
Total Aria Systems, Inc.					$ 20,831	20,762	17,888
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	$ 5,037	4,970	4,996
	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	$ 2,008	1,960	1,967
	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	$ 2,009	1,961	1,968
Total Intent Media, Inc.					$ 9,054	8,891	8,931
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	$ 7,237	7,438	7,507
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	$ 40,821	40,256	40,779
Tectura Corporation(7)(8)(9)(14)	Internet Consumer & Business Services	Senior Secured	June 2021	Interest rate FIXED 6.00%, PIK Interest 3.00%	$ 20,145	20,145	20,145
		Senior Secured	June 2021	PIK Interest	$ 11,015	240	2,995

	Internet Consumer & Business Services			8.00%			
Total Tectura Corporation					$ 31,160	20,385	23,140
Subtotal: 1-5 Years Maturity						97,732	98,245
Subtotal: Internet Consumer & Business Services (11.75%)*						97,732	98,245
Media/Content/Info							
Under 1 Year Maturity							
Machine Zone, Inc.(14)(16)	Media/Content/Info	Senior Secured	May 2018	Interest rate PRIME + 2.50% or Floor rate of 6.75%, PIK Interest 3.00%	$ 106,179	105,575	105,575
Subtotal: Under 1 Year Maturity						105,575	105,575

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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)
1-5 Years Maturity							
FanDuel, Inc.(12)	Media/Content/Info	Senior Secured	November 2019	Interest rate PRIME + 7.25% or Floor rate of 10.75%, 9.02% Exit Fee	$ 19,354	$ 19,437	$ 19,437
WP Technology, Inc. (Wattpad, Inc.)(5)(10)(12)							
	Media/Content/Info	Senior Secured	April 2020	Interest rate PRIME + 4.75% or Floor rate of 8.25%, 5.80% Exit Fee	$ 5,000	5,107	5,192
	Media/Content/Info	Senior Secured	April 2020	Interest rate PRIME + 4.75% or Floor rate of 8.25%, 5.80% Exit Fee	$ 5,000	5,038	5,106
Total WP Technology, Inc. (Wattpad, Inc.)					$ 10,000	10,145	10,298
Subtotal: 1-5 Years Maturity						29,582	29,735
Subtotal: Media/Content/Info (16.18%)*						135,157	135,310
Medical Devices & Equipment							
Under 1 Year Maturity							
Amedica Corporation(9)(15)	Medical Devices & Equipment	Senior Secured	January 2018	Interest rate PRIME + 7.70% or Floor rate of 10.95%, 8.25% Exit Fee	$ 2,378	4,008	4,008
Gamma Medica, Inc.(8)(11)	Medical Devices & Equipment	Senior Secured	January 2018	Interest rate PRIME + 6.50% or Floor rate of 9.75%, 6.00% Exit Fee	$ 161	366	

Subtotal: Under 1 Year Maturity						4,374	4,008
1-5 Years Maturity							
Aspire Bariatrics, Inc.(15)	Medical Devices & Equipment	Senior Secured	October 2018	Interest rate PRIME + 4.00% or Floor rate of 9.25%, 5.42% Exit Fee	$ 3,244	3,524	3,486
IntegenX, Inc.(15)	Medical Devices & Equipment	Senior Secured	June 2019	Interest rate PRIME + 6.05% or Floor rate of 10.05%, 6.75% Exit Fee	$ 15,000	15,513	15,507
	Medical Devices & Equipment	Senior Secured	June 2019	Interest rate PRIME + 6.05% or Floor rate of 10.05%, 9.75% Exit Fee	$ 2,500	2,575	2,572
Total IntegenX, Inc.					$ 17,500	18,088	18,079

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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	$ 6,200	$ 6,332	$ 6,410
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	$ 10,730	10,982	10,970
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	9,452	9,465
Sebacia[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	7,865	7,865
Tela Bio, Inc.[15]	Medical Devices & Equipment	Senior Secured	September 2020	Interest rate PRIME + 4.95% or Floor rate of 9.45%, 3.15% Exit Fee	$ 5,000	4,969	4,948
Subtotal: 1-5 Years Maturity						61,212	61,223
Subtotal: Medical Devices & Equipment (7.80%)*						65,586	65,231
Semiconductors							
Under 1 Year Maturity							
Aquantia Corp.[17]	Semiconductors	Senior Secured	February 2018	Interest rate PRIME + 3.95% or Floor rate of 7.20%	$ 5,000	5,000	5,000
Subtotal: Under 1 Year Maturity						5,000	5,000

1-5 Years Maturity

Achronix Semiconductor Corporation(15)							
	Semiconductors	Senior Secured	August 2020	Interest rate PRIME + 7.00% or Floor rate of 11.00%, 12.50% Exit Fee	$ 5,000	5,005	5,013
	Semiconductors	Senior Secured	February 2019	Interest rate PRIME + 6.00% or Floor rate of 10.00%	$ 5,000	5,000	5,000
Total Achronix Semiconductor Corporation					$ 10,000	10,005	10,013
Subtotal: 1-5 Years Maturity						10,005	10,013
Subtotal: Semiconductors (1.80%)*						15,005	15,013

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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	$ 8,836	$ 9,870	$ 9,870
Digital Train Limited[15]	Software	Senior Secured	July 2018	Interest rate 12-month LIBOR + 2.50%	$ 5,671	5,671	4,073
RedSeal Inc.[15][17]	Software	Senior Secured	June 2018	Interest rate PRIME + 3.25% or Floor rate of 6.50%	$ 2,698	2,698	2,698
	Software	Senior Secured	June 2018	Interest rate PRIME + 7.75% or Floor rate of 11.00%, 3.95% Exit Fee	$ 2,888	3,032	3,032
Total RedSeal Inc.					$ 5,586	5,730	5,730
Subtotal: Under 1 Year Maturity						21,271	19,673
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%	$ 40,559	40,533	40,843
Emma, Inc.	Software	Senior Secured	September 2022	Interest rate daily LIBOR + 7.75% or Floor rate of 8.75%	$ 50,000	48,500	48,500
Evernote Corporation[14][15][17]	Software	Senior Secured	October 2020	Interest rate PRIME + 5.45% or Floor rate of 8.95%	$ 6,000	5,970	6,126
	Software	Senior Secured	July 2021	Interest rate PRIME + 6.00% or Floor rate of 9.50%, PIK Interest	$ 4,010	3,984	3,984

				1.25%			
Total Evernote Corporation					$ 10,010	9,954	10,110
Fuze, Inc.(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	$ 50,136	50,152	50,152
Impact Radius Holdings, Inc.(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	$ 7,516	7,509	7,509

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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)
OneLogin, Inc.(14)(15)	Software	Senior Secured	August 2019	Interest rate PRIME + 6.45% or Floor rate of 9.95%, PIK Interest 3.25%	$ 15,753	$ 15,668	$ 15,983
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	6,905	6,905
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	$ 8,256	8,356	8,458
RedSeal Inc.(15)	Software	Senior Secured	January 2020	Interest rate PRIME + 7.75% or Floor rate of 11.25%, 5.95% Exit Fee	$ 5,000	4,970	4,973
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	$ 15,441	15,454	15,637
Vela Trading Technologies	Software	Senior Secured	July 2022	Interest rate daily LIBOR + 9.50% or Floor rate of 10.50%	$ 20,000	19,471	19,471
Wrike, Inc.(12)(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	$ 10,113	9,880	9,945
Subtotal: 1-5 Years Maturity						237,352	238,486
Subtotal: Software (30.87%)*						258,623	258,159

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	$ 1,350	1,725	1,725
Subtotal: Under 1 Year Maturity						1,725	1,725
1-5 Years Maturity							

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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]
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	$ 35,308	$ 35,282	$ 35,635
Subtotal: 1-5 Years Maturity						35,282	35,635
Subtotal: Specialty Pharmaceuticals (4.47%)*						37,007	37,360
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	8,687	8,700
Subtotal: 1-5 Years Maturity						8,687	8,700
Subtotal: Surgical Devices (1.04%)*						8,687	8,700
Sustainable and Renewable Technology							
1-5 Years 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	$ 20,000	21,161	21,223
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	$ 15,000	14,698	14,698
Proterra, Inc.[11]		Senior Secured	June 2019		$ 5,000	5,155	5,178

	Sustainable and Renewable Technology			Interest rate PRIME + 6.95% or Floor rate of 10.20%, 7.00% Exit Fee			
	Sustainable and Renewable Technology	Senior Secured	June 2019	Interest rate PRIME + 6.95% or Floor rate of 10.20%, 5.95% Exit Fee	$ 25,000	25,992	25,951
	Sustainable and Renewable Technology	Senior Secured	June 2019	Interest rate PRIME + 5.75% or Floor rate of 9.25%, 4.95% Exit Fee	$ 10,000	10,179	10,193
Total Proterra, Inc.					$ 40,000	41,326	41,322
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	$ 5,172	5,381	5,414
Tendril Networks(12)	Sustainable and Renewable Technology	Senior Secured	June 2019	Interest rate FIXED 9.25%, 8.50% Exit Fee	$ 13,156	13,903	13,883
Subtotal: 1-5 Years Maturity						96,469	96,540
Subtotal: Sustainable and Renewable Technology (11.54%)*						96,469	96,540
Total: Debt Investments (155.46%)*						**1,314,326**	**1,300,068**

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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	29
Peerless Network Holdings, Inc.	Communications & Networking	Equity	Preferred Series A	1,000,000	1,000	4,897
Subtotal: Communications & Networking (0.62%)*					4,202	5,168
Diagnostic						
Singulex, Inc.	Diagnostic	Equity	Common Stock	937,998	750	708
Subtotal: Diagnostic (0.08%)*					750	708
Drug Delivery						
AcelRx Pharmaceuticals, Inc.[4][10]	Drug Delivery	Equity	Common Stock	54,240	108	249
BioQ Pharma Incorporated[15]	Drug Delivery	Equity	Preferred Series D	165,000	500	774
Edge Therapeutics, Inc.[4]	Drug Delivery	Equity	Common Stock	49,965	309	536
Neos Therapeutics, Inc.[4][15]	Drug Delivery	Equity	Common Stock	125,000	1,500	1,144
Revance Therapeutics, Inc.[4]	Drug Delivery	Equity	Common Stock	22,765	557	627
Subtotal: Drug Delivery (0.40%)*					2,974	3,330
Drug Discovery & Development						
Aveo Pharmaceuticals, Inc.[4][10][15]	Drug Discovery & Development	Equity	Common Stock	1,901,791	1,715	6,944
Axovant Sciences Ltd.[4][5][10]	Drug Discovery & Development	Equity	Common Stock	129,827	1,270	437
Cerecor, Inc.[4]	Drug Discovery & Development	Equity	Common Stock	119,087	1,000	101

Dare Biosciences, Inc. (p.k.a. Cerulean Pharma, Inc.)(4)	Drug Discovery & Development	Equity	Common Stock	13,550	1,000	42
Dicerna Pharmaceuticals, Inc.(4)(15)	Drug Discovery & Development	Equity	Common Stock	142,858	1,000	821
Dynavax Technologies(4)(10)	Drug Discovery & Development	Equity	Common Stock	20,000	550	430
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	326

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Inotek Pharmaceuticals Corporation[4]	Drug Discovery & Development	Equity	Common Stock	3,778	$ 1,500	$ 7
Insmed, Incorporated[4]	Drug Discovery & Development	Equity	Common Stock	70,771	1,000	2,209
Melinta Therapeutics	Drug Discovery & Development	Equity	Preferred Series 4	1,914,448	2,000	888
Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.)[4]	Drug Discovery & Development	Equity	Common Stock	76,362	2,743	1,917
Subtotal: Drug Discovery & Development (1.69%)*					16,778	14,122
Electronics & Computer Hardware						
Identiv, Inc.[4]	Electronics & Computer Hardware	Equity	Common Stock	6,700	34	31
Subtotal: Electronics & Computer Hardware (0.00%)*					34	31
Information Services						
DocuSign, Inc.	Information Services	Equity	Common Stock	385,000	6,081	7,425
Subtotal: Information Services (0.89%)*					6,081	7,425
Internet Consumer & Business Services						
Blurb, Inc.[15]	Internet Consumer & Business Services	Equity	Preferred Series B	220,653	175	33
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	265
	Internet Consumer & Business Services	Equity	Preferred Series D	198,677	250	256

Total Lightspeed POS, Inc.				428,707	500	521
OfferUp, Inc.	Internet Consumer & Business Services	Equity	Preferred Series A	286,080	1,663	2,121
	Internet Consumer & Business Services	Equity	Preferred Series A-1	108,710	632	806
Total OfferUp, Inc.				394,790	2,295	2,927
Oportun (p.k.a. Progress Financial)	Internet Consumer & Business Services	Equity	Preferred Series G	218,351	250	448
	Internet Consumer & Business Services	Equity	Preferred Series H	87,802	250	259
Total Oportun (p.k.a. Progress Financial)				306,153	500	707
RazorGator Interactive Group, Inc.	Internet Consumer & Business Services	Equity	Preferred Series AA	34,783	15	51
Tectura Corporation(7)	Internet Consumer & Business Services	Equity	Preferred Series BB	1,000,000		
Subtotal: Internet Consumer & Business Services (0.51%)*					3,578	4,239

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Media/Content/Info						
Pinterest, Inc.	Media/Content/Info	Equity	Preferred Series Seed	620,000	$ 4,085	$ 4,773
Subtotal: Media/Content/Info (0.57%)*					4,085	4,773
Medical Devices & Equipment						
AtriCure, Inc.[4][15]	Medical Devices & Equipment	Equity	Common Stock	7,536	266	169
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		848
	Medical Devices & Equipment	Equity	Preferred Series A-1	191,210	425	919
	Medical Devices & Equipment	Equity	Preferred Series A-2	191,626	500	868
Total Gelesis, Inc.				581,038	925	2,635
HercGamma, Inc.[7]	Medical Devices & Equipment	Equity	Common Stock	100	523	
Medrobotics Corporation[15]	Medical Devices & Equipment	Equity	Preferred Series E	136,798	250	254
	Medical Devices & Equipment	Equity	Preferred Series F	73,971	155	196
	Medical Devices & Equipment	Equity	Preferred Series G	163,934	500	504
Total Medrobotics Corporation				374,703	905	954
Optiscan Biomedical, Corp.[6][15]	Medical Devices &	Equity	Preferred Series B	6,185,567	3,000	389

	Equipment					
	Medical Devices & Equipment	Equity	Preferred Series C	1,927,309	655	110
	Medical Devices & Equipment	Equity	Preferred Series D	55,103,923	5,257	3,907
	Medical Devices & Equipment	Equity	Preferred Series E	15,638,888	1,308	1,496
Total Optiscan Biomedical, Corp.				78,855,687	10,220	5,902
Outset Medical, Inc. (p.k.a. Home Dialysis Plus, Inc.)	Medical Devices & Equipment	Equity	Preferred Series B	232,061	527	579
Quanterix Corporation	Medical Devices & Equipment	Equity	Preferred Series D	272,479	1,000	1,135
Subtotal: Medical Devices & Equipment (1.36%)*					15,866	11,374

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Portfolio Company	Sub-Industry	Type of Investment(1)	Series	Shares	Cost(2)	Value(3)
Software						
CapLinked, Inc.	Software	Equity	Preferred Series A-3	53,614	$ 51	$ 90
Druva, Inc.	Software	Equity	Preferred Series 2	458,841	1,000	987
	Software	Equity	Preferred Series 3	93,620	300	306
Total Druva, Inc.				552,461	1,300	1,293
ForeScout Technologies, Inc.	Software	Equity	Preferred Series D	319,099	398	2,675
	Software	Equity	Preferred Series E	80,587	131	676
Total ForeScout Technologies, Inc.				399,686	529	3,351
HighRoads, Inc.	Software	Equity	Common Stock	190	307	
NewVoiceMedia Limited(5)(10)	Software	Equity	Preferred Series E	669,173	963	1,378
Palantir Technologies	Software	Equity	Preferred Series E	727,696	5,431	5,379
Sprinklr, Inc.	Software	Equity	Common Stock	700,000	3,749	4,259
WildTangent, Inc.(15)	Software	Equity	Preferred Series 3	100,000	402	182
Subtotal: Software (1.91%)*					12,732	15,932
Surgical Devices						
Gynesonics, Inc.(15)	Surgical Devices	Equity	Preferred Series B	219,298	250	39
	Surgical Devices	Equity	Preferred Series C	656,538	282	54
	Surgical Devices	Equity	Preferred Series D	1,991,157	712	694
	Surgical Devices	Equity	Preferred Series E	2,786,367	429	460
Total Gynesonics, Inc.				5,653,360	1,673	1,247
Transmedics, Inc.	Surgical Devices	Equity	Preferred Series B	88,961	1,100	342
	Surgical Devices	Equity	Preferred Series C	119,999	300	306
	Surgical Devices	Equity	Preferred Series D	260,000	650	889
	Surgical Devices	Equity	Preferred Series F	100,200	500	504
Total Transmedics, Inc.				569,160	2,550	2,041
Subtotal: Surgical Devices (0.39%)*					4,223	3,288
Sustainable and Renewable Technology						
Flywheel Building Intelligence, Inc. (p.k.a. SCIEnergy, Inc.)	Sustainable and Renewable	Equity	Common Stock	19,250	761	

	Technology					
Glori Energy, Inc.[(4)]	Sustainable and Renewable Technology	Equity	Common Stock	18,208	165	
Modumetal, Inc.	Sustainable and Renewable Technology	Equity	Preferred Series C	3,107,520	500	575

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Portfolio Company	Sub-Industry	Type of Investment[1]	Series	Shares	Cost[2]	Value[3]
Proterra, Inc.	Sustainable and Renewable Technology	Equity	Preferred Series 5	99,280	$ 500	$ 528
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)[6]	Sustainable and Renewable Technology	Equity	Common Stock	288	61,502	12,824
Subtotal: Sustainable and Renewable Technology (1.67%)*					63,428	13,927
Total: Equity Investments (10.08%)*					**135,231**	**84,317**
Warrant Investments						
Biotechnology Tools						
Labcyte, Inc.[15]	Biotechnology Tools	Warrant	Preferred Series C	1,127,624	323	426
Subtotal: Biotechnology Tools (0.05%)*					323	426
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	379
Spring Mobile Solutions, Inc.	Communications & Networking	Warrant	Common Stock	2,834,375	418	
Subtotal: Communications & Networking (0.05%)*					574	379
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	231

The Neat Company[15]	Consumer & Business Products	Warrant	Preferred Series C-1	540,540	365	
Subtotal: Consumer & Business Products (0.03%)*					823	231
Drug Delivery						
AcelRx Pharmaceuticals, Inc.[4][10][15]	Drug Delivery	Warrant	Common Stock	176,730	786	264
Agile Therapeutics, Inc.[4]	Drug Delivery	Warrant	Common Stock	180,274	730	183
BioQ Pharma Incorporated	Drug Delivery	Warrant	Common Stock	459,183	1	838
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	301
Kaleo, Inc. (p.k.a. Intelliject, Inc.)	Drug Delivery	Warrant	Preferred Series B	82,500	594	1,032
Neos Therapeutics, Inc.[4][15]	Drug Delivery	Warrant	Common Stock	70,833	285	117
Pulmatrix Inc.[4]	Drug Delivery	Warrant	Common Stock	25,150	116	10
ZP Opco, Inc. (p.k.a. Zosano Pharma)[4]	Drug Delivery	Warrant	Common Stock	72,379	266	1
Subtotal: Drug Delivery (0.33%)*					3,670	2,746

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Portfolio Company	Sub-Industry	Type of Investment[1]	Series	Shares	Cost[2]	Value[3]
Drug Discovery & Development						
ADMA Biologics, Inc.[4]	Drug Discovery & Development	Warrant	Common Stock	89,750	$ 295	$ 8
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	136
Auris Medical Holding, AG[4][5][10]	Drug Discovery & Development	Warrant	Common Stock	156,726	249	26
Brickell Biotech, Inc.	Drug Discovery & Development	Warrant	Preferred Series C	26,086	119	
Cerecor, Inc.[4]	Drug Discovery & Development	Warrant	Common Stock	22,328	70	
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	2
Concert Pharmaceuticals, Inc.[4][15]	Drug Discovery & Development	Warrant	Common Stock	132,069	545	413
CTI BioPharma Corp. (p.k.a. Cell Therapeutics, Inc.)[4]	Drug Discovery & Development	Warrant	Common Stock	29,239	165	4
CytRx Corporation[4][15]	Drug Discovery & Development	Warrant	Common Stock	634,146	160	106
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	
Fortress Biotech, Inc. (p.k.a. Coronado Biosciences, Inc.)[(4)]	Drug Discovery & Development	Warrant	Common Stock	73,009	142	41
Genocea Biosciences, Inc.[(4)]	Drug Discovery & Development	Warrant	Common Stock	73,725	266	13
Immune Pharmaceuticals[(4)]	Drug Discovery & Development	Warrant	Common Stock	10,742	164	
Melinta Therapeutics	Drug Discovery & Development	Warrant	Preferred Series 3	1,382,323	626	80
Nanotherapeutics, Inc.[(15)]	Drug Discovery & Development	Warrant	Common Stock	171,389	838	78
Neothetics, Inc. (p.k.a. Lithera, Inc.)[(4)(15)]	Drug Discovery & Development	Warrant	Common Stock	46,838	266	10

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Neuralstem, Inc.[4][15]	Drug Discovery & Development	Warrant	Common Stock	5,783	$ 77	$
Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.)[4][15]	Drug Discovery & Development	Warrant	Common Stock	75,214	178	516
PhaseRx, Inc.[4][15]	Drug Discovery & Development	Warrant	Common Stock	63,000	125	2
Savara Inc. (p.k.a. Mast Therapeutics, Inc.)[4][15]	Drug Discovery & Development	Warrant	Common Stock	32,467	203	107
Sorrento Therapeutics, Inc.[4][10]	Drug Discovery & Development	Warrant	Common Stock	306,748	889	106
Stealth Bio Therapeutics Corp.[5][10]	Drug Discovery & Development	Warrant	Preferred Series A	487,500	116	130
uniQure B.V.[4][5][10]	Drug Discovery & Development	Warrant	Common Stock	37,174	218	38
XOMA Corporation[4][10][15]	Drug Discovery & Development	Warrant	Common Stock	9,063	279	14
Subtotal: Drug Discovery & Development (0.22%)*					8,304	1,830
Electronics & Computer Hardware						
908 DEVICES INC.[15]	Electronics & Computer Hardware	Warrant	Preferred Series D	79,856	100	107
Clustrix, Inc.	Electronics & Computer Hardware	Warrant	Common Stock	50,000	12	
Subtotal: Electronics & Computer Hardware (0.01%)*					112	107
Healthcare Services, Other						
Chromadex Corporation[4][15]	Healthcare Services, Other	Warrant	Common Stock	139,673	157	184
Subtotal: Healthcare Services, Other (0.02%)*					157	184
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	17
	Information Services	Warrant	Preferred Series C-1	1,165,183	74	29
Total InXpo, Inc.				1,813,583	172	46
MDX Medical, Inc.(15)	Information Services	Warrant	Common Stock	2,250,000	246	254
Netbase Solutions, Inc.	Information Services	Warrant	Preferred Series 1	60,000	355	351
RichRelevance, Inc.(15)	Information Services	Warrant	Preferred Series E	112,612	98	
Subtotal: Information Services (0.08%)*					953	651

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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 G	231,535	$ 73	$
Blurb, Inc.(15)	Internet Consumer & Business Services	Warrant	Preferred Series C	234,280	636	5
ClearObject, Inc. (p.k.a. CloudOne, Inc.)	Internet Consumer & Business Services	Warrant	Preferred Series E	968,992	19	156
Intent Media, Inc.(15)	Internet Consumer & Business Services	Warrant	Common Stock	140,077	168	206
Just Fabulous, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series B	206,184	1,102	2,300
Lightspeed POS, Inc.(5)(10)	Internet Consumer & Business Services	Warrant	Preferred Series C	245,610	20	41
LogicSource(15)	Internet Consumer & Business Services	Warrant	Preferred Series C	79,625	30	35
Oportun (p.k.a. Progress Financial)	Internet Consumer & Business Services	Warrant	Preferred Series G	174,562	78	186
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	1,311
Tapjoy, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series D	748,670	316	10
Subtotal: Internet Consumer & Business Services (0.51%)*					3,771	4,250
Media/Content/Info						
FanDuel, Inc.	Media/Content/Info	Warrant	Preferred Series A	4,648	730	1,875
	Media/Content/Info	Warrant	Common Stock	15,570		
Total FanDuel, Inc.				20,218	730	1,875
Machine Zone, Inc.(16)	Media/Content/Info	Warrant	Common Stock	1,552,710	1,958	4,833
Rhapsody International, Inc.(15)	Media/Content/Info	Warrant	Common Stock	715,755	385	125
WP Technology, Inc. (Wattpad, Inc.)(5)(10)	Media/Content/Info	Warrant	Common Stock	255,818	4	8
Zoom Media Group, Inc.	Media/Content/Info	Warrant	Preferred Series A	1,204	348	32
Subtotal: Media/Content/Info (0.82%)*					3,425	6,873

Medical Devices & Equipment

Amedica Corporation[(4)(15)]	Medical Devices & Equipment	Warrant	Common Stock	103,225	459	2
Aspire Bariatrics, Inc.[(15)]	Medical Devices & Equipment	Warrant	Preferred Series B-1	112,858	455	108

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Avedro, Inc.[15]	Medical Devices & Equipment	Warrant	Preferred Series AA	300,000	$ 401	$ 309
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	200
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	24
Medrobotics Corporation[15]	Medical Devices & Equipment	Warrant	Preferred Series E	455,539	370	388
Micell Technologies, Inc.	Medical Devices & Equipment	Warrant	Preferred Series D-2	84,955	262	241
NetBio, Inc.	Medical Devices & Equipment	Warrant	Preferred Series A	7,841	408	107
NinePoint Medical, Inc.[15]	Medical Devices & Equipment	Warrant	Preferred Series A-1	587,840	170	95
Optiscan Biomedical, Corp.[6][15]	Medical Devices & Equipment	Warrant	Preferred Series D	10,535,275	1,252	161
Outset Medical, Inc. (p.k.a. Home Dialysis Plus, Inc.)	Medical Devices & Equipment	Warrant	Preferred Series A	500,000	402	446
Quanterix Corporation	Medical Devices & Equipment	Warrant	Preferred Series C	173,428	180	94
	Medical Devices & Equipment	Warrant	Preferred Series D	38,828	25	19
Total Quanterix Corporation				212,256	205	113
Sebacia, Inc.[15]	Medical Devices & Equipment	Warrant	Preferred Series D	778,301	133	133
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	129,310	20	10
ViewRay, Inc.[4][15]	Medical Devices & Equipment	Warrant	Common Stock	128,231	333	164

Subtotal: Medical Devices & Equipment (0.30%)*					6,156	2,501
Semiconductors						
Achronix Semiconductor Corporation[15]	Semiconductors	Warrant	Preferred Series C	360,000	160	80
	Semiconductors	Warrant	Preferred Series D-2	750,000	99	358
Total Achronix Semiconductor Corporation				1,110,000	259	438

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Aquantia Corp.	Semiconductors	Warrant	Preferred Series G	196,831	$ 4	$ 172
Avnera Corporation	Semiconductors	Warrant	Preferred Series E	141,567	46	157
Subtotal: Semiconductors (0.09%)*					309	767
Software						
Actifio, Inc.	Software	Warrant	Common Stock	73,584	249	75
	Software	Warrant	Preferred Series F	31,673	343	65
Total Actifio, Inc.				105,257	592	140
Braxton Technologies, LLC	Software	Warrant	Preferred Series A	168,750	188	
CareCloud Corporation[15]	Software	Warrant	Preferred Series B	413,433	258	669
Clickfox, Inc.[15]	Software	Warrant	Preferred Series B	1,038,563	330	580
	Software	Warrant	Preferred Series C	592,019	730	446
	Software	Warrant	Preferred Series C-A	2,218,214	230	4,628
Total Clickfox, Inc.				3,848,796	1,290	5,654
Evernote Corporation[15]	Software	Warrant	Common Stock	62,500	106	139
Fuze, Inc.[15]	Software	Warrant	Preferred Series F	256,158	89	108
Mattersight Corporation[4]	Software	Warrant	Common Stock	357,143	538	214
Message Systems, Inc.[15]	Software	Warrant	Preferred Series C	503,718	334	373
Mobile Posse, Inc.[15]	Software	Warrant	Preferred Series C	396,430	130	238
Neos, Inc.[15]	Software	Warrant	Common Stock	221,150	22	12
NewVoiceMedia Limited[5][10]	Software	Warrant	Preferred Series E	225,586	33	135
OneLogin, Inc.[15]	Software	Warrant	Common Stock	228,972	150	293
Poplicus, Inc.	Software	Warrant	Common Stock	132,168		
Quid, Inc.[15]	Software	Warrant	Preferred Series D	71,576	1	6
RedSeal Inc.[15]	Software	Warrant	Preferred Series C-Prime	640,603	66	36
Signpost, Inc.	Software	Warrant	Preferred Series C	324,005	314	106
Sonian, Inc.[15]	Software	Warrant	Preferred Series C	185,949	106	97
Wrike, Inc.	Software	Warrant	Common Stock	698,760	462	1,108
Subtotal: Software (1.12%)*					4,679	9,328

Specialty Pharmaceuticals						
Alimera Sciences, Inc.(4)	Specialty Pharmaceuticals	Warrant	Common Stock	1,717,709	861	515
Subtotal: Specialty Pharmaceuticals (0.06%)*					861	515
Surgical Devices						
Gynesonics, Inc.(15)	Surgical Devices	Warrant	Preferred Series C	180,480	75	13
	Surgical Devices	Warrant	Preferred Series D	1,575,965	320	252
Total Gynesonics, Inc.				1,756,445	395	265

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Portfolio Company	Sub-Industry	Type of Investment(1)	Series	Shares	Cost(2)	Value(3)
Transmedics, Inc.	Surgical Devices	Warrant	Preferred Series B	40,436	$ 225	$ 24
	Surgical Devices	Warrant	Preferred Series D	175,000	100	421
	Surgical Devices	Warrant	Preferred Series F	50,544	38	69
Total Transmedics, Inc.				265,980	363	514
Subtotal: Surgical Devices (0.09%)*					758	779
Sustainable and Renewable Technology						
Agrivida, Inc.(15)	Sustainable and Renewable Technology	Warrant	Preferred Series D	471,327	120	138
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	24
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.)		Warrant	Common Stock	530,811	181	

	Sustainable and Renewable Technology					
	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	312
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	582

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Portfolio Company	Sub-Industry	Type of Investment[(1)]	Series	Shares	Cost[(2)]	Value[(3)]
Rive Technology, Inc.[(15)]	Sustainable and Renewable Technology	Warrant	Preferred Series E	234,477	$ 12	$ 16
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	90
Subtotal: Sustainable and Renewable Technology (0.14%)*					4,579	1,162
Total: Warrant Investments (3.91%)*					**39,454**	**32,729**
Total Investments in Securities (169.45%)*					**$ 1,489,011**	**$ 1,417,114**

* 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 4.25% at September 30, 2017. Daily LIBOR and 12-month LIBOR represent 1.18% and 1.79%, respectively, at September 30, 2017.

(3) Gross unrealized appreciation, gross unrealized depreciation, and net unrealized depreciation for federal income tax purposes totaled $32.3 million, $113.4 million and $81.1 million respectively. The tax cost of investments is $1.5 billion.

(4) Except for warrants in 38 publicly traded companies and common stock in 19 publicly traded companies, all investments are restricted at September 30, 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 September 30, 2017, and is therefore considered non-income producing. Note that at September 30, 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 September 30, 2017.
(17) Denotes that there is an unfunded contractual commitment available at the request of this portfolio company at September 30, 2017. Refer to Note 10.

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Debt Investments							
Biotechnology Tools							
1-5 Years Maturity							
Exicure, Inc.[11][14A]	Biotechnology Tools	Senior Secured	September 2019	Interest rate PRIME + 6.45% or Floor rate of 9.95%	$ 6,000	$ 5,971	$ 6,035
Subtotal: 1-5 Years Maturity						5,971	6,035
Subtotal: Biotechnology Tools (0.77%)*						5,971	6,035
Communications & Networking							
Under 1 Year Maturity							
Achilles Technology Management Co II, Inc.[6][13][14B]	Communications & Networking	Senior Secured	August 2017	PIK Interest 10.50%	$ 1,278	1,304	1,304
OpenPeak, Inc.[7]	Communications & Networking	Senior Secured	April 2017	Interest rate PRIME + 8.75% or Floor rate of 12.00%	$ 12,211	8,975	
Subtotal: Under 1 Year Maturity						10,279	1,304
1-5 Years Maturity							
Avanti Communications Group[4][9]	Communications & Networking	Senior Secured	October 2019	Interest rate FIXED 10.00%	$ 8,025	7,212	4,825
SkyCross, Inc.[6][7][13][14B][15]	Communications & Networking	Senior Secured	January 2018	Interest rate FIXED 10.95%, PIK Interest 5.00%	$ 16,758	16,900	
Spring Mobile Solutions, Inc.[12][14B]	Communications & Networking	Senior Secured	January 2019	Interest rate PRIME + 6.70% or Floor rate of 9.95%	$ 3,000	3,038	3,044

Subtotal: 1-5 Years Maturity						27,150	7,869
Subtotal: Communications & Networking (1.16%)*						37,429	9,173
Consumer & Business Products							
1-5 Years Maturity							
Antenna79 (p.k.a. Pong Research Corporation)(14A)(15)							
	Consumer & Business Products	Senior Secured	December 2019	Interest rate PRIME + 7.45% or Floor rate of 10.95%	$ 20,000	19,837	19,837
	Consumer & Business Products	Senior Secured	December 2018	Interest rate PRIME + 6.00% or Floor rate of 9.50%	$ 1,000	965	965
Total Antenna79 (p.k.a. Pong Research Corporation)					$ 21,000	20,802	20,802
Nasty Gal(14B)(15)	Consumer & Business Products	Senior Secured	May 2019	Interest rate PRIME + 5.45% or Floor rate of 8.95%	$ 13,241	13,148	13,148

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Portfolio Company	Sub-Industry	Type of Investment[1]	Maturity Date	Interest Rate and Floor	Principal Amount	Cost[2]	Value[3]
Second Time Around (Simplify Holdings, LLC)[14A][15]	Consumer & Business Products	Senior Secured	February 2019	Interest rate PRIME + 7.25% or Floor rate of 10.75%	$ 2,280	$ 2,302	$ 2,283
Subtotal: 1-5 Years Maturity						36,252	36,233
Subtotal: Consumer & Business Products (4.60%)*						36,252	36,233
Drug Delivery							
Under 1 Year Maturity							
AcelRx Pharmaceuticals, Inc.[9][10][14A][15]	Drug Delivery	Senior Secured	October 2017	Interest rate PRIME + 3.85% or Floor rate of 9.10%	$ 20,466	$ 21,151	$ 21,151
Celsion Corporation[10][14A]	Drug Delivery	Senior Secured	June 2017	Interest rate PRIME + 8.00% or Floor rate of 11.25%	$ 2,246	2,575	2,575
Subtotal: Under 1 Year Maturity						23,726	23,726
1-5 Years Maturity							
Agile Therapeutics, Inc.[10][14A]	Drug Delivery	Senior Secured	December 2018	Interest rate PRIME + 4.75% or Floor rate of 9.00%	$ 16,500	16,524	16,434
Aprecia Pharmaceuticals Company[11][14A]	Drug Delivery	Senior Secured	January 2020	Interest rate PRIME + 5.75% or Floor rate of 9.25%	$ 20,000	19,700	19,706

BioQ Pharma Incorporated(10)(14A)(14B)	Drug Delivery	Senior Secured	May 2018	Interest rate PRIME + 8.00% or Floor rate of 11.25%	$ 8,231	8,636	8,577
	Drug Delivery	Senior Secured	May 2018	Interest rate PRIME + 7.00% or Floor rate of 10.25%	$ 2,464	2,511	2,509
Total BioQ Pharma Incorporated					$ 10,695	11,147	11,086
Edge Therapeutics, Inc.(11)(14A)(17)	Drug Delivery	Senior Secured	February 2020	Interest rate PRIME + 4.65% or Floor rate of 9.15%	$ 15,000	15,004	15,045
Pulmatrix Inc.(8)(10)(14A)	Drug Delivery	Senior Secured	July 2018	Interest rate PRIME + 6.25% or Floor rate of 9.50%	$ 5,954	6,022	6,013
ZP Opco, Inc. (p.k.a. Zosano Pharma)(10)(14A)	Drug Delivery	Senior Secured	December 2018	Interest rate PRIME + 2.70% or Floor rate of 7.95%	$ 12,123	12,325	12,238
Subtotal: 1-5 Years Maturity						80,722	80,522
Subtotal: Drug Delivery (13.23%)*						104,448	104,248

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Drug Discovery & Development							
Under 1 Year Maturity							
Cerecor, Inc.[11][14A]	Drug Discovery & Development	Senior Secured	August 2017	Interest rate PRIME + 4.70% or Floor rate of 7.95%	$ 2,374	$ 2,499	$ 2,499
Neuralstem, Inc. [14A] [15]	Drug Discovery & Development	Senior Secured	April 2017	Interest rate PRIME + 6.75% or Floor rate of 10.00%	$ 3,766	3,996	3,996
Subtotal: Under 1 Year Maturity						6,495	6,495
1-5 Years Maturity							
Auris Medical Holding, AG[4][9][14B]	Drug Discovery & Development	Senior Secured	January 2020	Interest rate PRIME + 6.05% or Floor rate of 9.55%	$ 12,500	12,317	12,326
Aveo Pharmaceuticals, Inc.[9][12][14A][14B]	Drug Discovery & Development	Senior Secured	December 2019	Interest rate PRIME + 6.90% or Floor rate of 11.90%	$ 10,000	10,269	10,218
	Drug Discovery & Development	Senior Secured	December 2019	Interest rate PRIME + 6.90% or Floor rate of 11.90%	$ 5,000	4,926	4,918
Total Aveo Pharmaceuticals, Inc.					$ 15,000	15,195	15,136
Bellicum Pharmaceuticals, Inc.[14A][14B][15]							
	Drug Discovery & Development	Senior Secured	March 2020	Interest rate PRIME + 5.85% or Floor rate of 9.35%	$ 15,000	15,212	15,387
	Drug Discovery & Development	Senior Secured	March 2020	Interest rate PRIME + 5.85% or Floor rate of 9.35%	$ 5,000	4,981	5,049
Total Bellicum Pharmaceuticals, Inc.					$ 20,000	20,193	20,436
Brickell Biotech, Inc.[11][14B]	Drug Discovery & Development	Senior Secured	September 2019	Interest rate PRIME + 5.70% or Floor rate of 9.20%	$ 7,500	7,521	7,560
Cerulean Pharma, Inc.[12][14B]			July 2018		$ 13,078	13,994	13,908

	Drug Discovery & Development	Senior Secured		Interest rate PRIME + 1.55% or Floor rate of 7.30%			
CTI BioPharma Corp. (p.k.a. Cell Therapeutics, Inc.)(10)(14A)							
	Drug Discovery & Development	Senior Secured	December 2018	Interest rate PRIME + 7.70% or Floor rate of 10.95%	$ 19,548	19,276	19,372
CytRx Corporation(10)(14B)(15)	Drug Discovery & Development	Senior Secured	February 2020	Interest rate PRIME + 6.00% or Floor rate of 9.50%	$ 25,000	25,086	25,166
Epirus Biopharmaceuticals, Inc.(7)(14A)	Drug Discovery & Development	Senior Secured	April 2018	Interest rate PRIME + 4.70% or Floor rate of 7.95%	$ 3,066	3,349	
Genocea Biosciences, Inc.(10)(14A)	Drug Discovery & Development	Senior Secured	January 2019	Interest rate PRIME + 2.25% or Floor rate of 7.25%	$ 17,000	17,313	17,376

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Immune Pharmaceuticals(10)(14B)	Drug Discovery & Development	Senior Secured	September 2018	Interest rate PRIME + 4.75% or Floor rate of 10.00%	$ 3,271	$ 3,350	$ 2,693
Insmed, Incorporated(10)(14A)	Drug Discovery & Development	Senior Secured	October 2020	Interest rate PRIME + 4.75% or Floor rate of 9.25%	$ 55,000	54,695	54,559
Mast Therapeutics, Inc.(14A)(15)	Drug Discovery & Development	Senior Secured	January 2019	Interest rate PRIME + 5.70% or Floor rate of 8.95%	$ 3,347	3,921	3,923
Melinta Therapeutics(12)(14A)	Drug Discovery & Development	Senior Secured	June 2018	Interest rate PRIME + 3.75% or Floor rate of 8.25%	$ 24,502	25,001	24,945
Merrimack Pharmaceuticals, Inc.(9)	Drug Discovery & Development	Senior Secured	December 2022	Interest rate FIXED 11.50%	$ 25,000	25,000	25,000
Metuchen Pharmaceuticals LLC(13)(14A)	Drug Discovery & Development	Senior Secured	October 2020	Interest rate PRIME + 7.25% or Floor rate of 10.75%, PIK Interest 1.35%	$ 35,081	34,541	34,541
Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.)(14A)(15)	Drug Discovery & Development	Senior Secured	September 2020	Interest rate PRIME + 2.75% or Floor rate of 8.50%	$ 40,000	$ 39,388	$ 39,504
PhaseRx, Inc.(14B)(15)	Drug Discovery & Development	Senior Secured	December 2019	Interest rate PRIME + 5.75% or Floor rate of 9.25%	$ 6,000	5,921	5,945
Sorrento Therapeutics, Inc.(9)(14B)	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 5.75% or Floor rate of 9.25%	$ 50,000	48,069	48,069
uniQure 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	20,133	20,081
XOMA Corporation(9)(14B)(15)	Drug Discovery & Development	Senior Secured	September 2018	Interest rate PRIME + 2.15% or Floor rate of 9.40%	$ 16,380	16,970	16,901
Subtotal: 1-5 Years Maturity						411,233	407,441

Subtotal: Drug Discovery & Development (52.53%)*						417,728	413,936
Electronics & Computer Hardware 1-5 Years Maturity							
Persimmon Technologies(11)(13)(14B)	Electronics & Computer Hardware	Senior Secured	June 2019	Interest rate PRIME + 7.50% or Floor rate of 11.00%, PIK Interest 1.50%	$ 7,012	7,096	7,134
Subtotal: 1-5 Years Maturity						7,096	7,134
Subtotal: Electronics & Computer Hardware (0.91%)*						7,096	7,134

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Portfolio Company	Sub-Industry	Type of Investment[1]	Maturity Date	Interest Rate and Floor	Principal Amount	Cost[2]	Value[3]
Healthcare Services, Other 1-5 Years Maturity							
InstaMed Communications, LLC[14B][15]	Healthcare Services, Other	Senior Secured	February 2019	Interest rate PRIME + 6.75% or Floor rate of 10.00%	$ 10,000	$ 10,125	$ 10,261
PH Group Holdings	Healthcare Services, Other	Senior Secured	September 2020	Interest rate PRIME + 7.45% or Floor rate of 10.95%	$ 20,000	19,802	19,802
Subtotal: 1-5 Years Maturity						29,927	30,063
Subtotal: Healthcare Services, Other (3.82%)*						29,927	30,063
Internet Consumer & Business Services 1-5 Years Maturity							
Aria 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%	$ 2,061	2,045	1,728
	Internet Consumer & Business Services	Senior Secured	June 2019	Interest rate PRIME + 5.20% or Floor rate of 8.95%, PIK Interest 1.95%	$ 18,463	18,307	15,467
Total Aria Systems, Inc.					$ 20,524	20,352	17,195
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	5,091	5,138
Intent Media, Inc.[13] [14A] [15]	Internet Consumer & Business Services	Senior Secured	December 2018	Interest rate PRIME + 5.25% or Floor rate of 8.75%, PIK Interest 1.00%	$ 5,000	4,851	4,851

LogicSource [14B] [15]	Internet Consumer & Business Services	Senior Secured	October 2019	Interest rate PRIME + 6.25% or Floor rate of 9.75%	$ 8,500	8,533	8,649
Snagajob.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%	$ 35,293	34,517	35,067
Tectura Corporation[7][8][13]	Internet Consumer & Business Services	Senior Secured	June 2021	Interest rate FIXED 6.00%, PIK Interest 3.00%	$ 19,691	19,691	19,691
	Internet Consumer & Business Services	Senior Secured	June 2021	PIK Interest 8.00%	$ 11,015	240	
Total Tectura Corporation					$ 30,706	19,931	19,691
Subtotal: 1-5 Years Maturity						93,275	90,591
Subtotal: Internet Consumer & Business Services (11.50%)*						93,275	90,591
Media/Content/Info 1-5 Years Maturity							
FanDuel, Inc. [14B]	Media/Content/Info	Senior Secured	November 2019	Interest rate PRIME + 7.25% or Floor rate of 10.75%	$ 20,000	19,352	19,352

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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%	$ 103,785	$ 102,444	$ 103,083
WP Technology, Inc. (Wattpad, Inc.)(4)(9)(11)(14B)(17)							
	Media/Content/Info	Senior Secured	April 2020	Interest rate PRIME + 4.75% or Floor rate of 8.25%	$ 5,000	5,029	5,099
	Media/Content/Info	Senior Secured	April 2020	Interest rate PRIME + 4.75% or Floor rate of 8.25%	$ 2,500	2,471	2,510
Total WP Technology, Inc. (Wattpad, Inc.)					$ 7,500	7,500	7,609
Subtotal: 1-5 Years Maturity						129,296	130,044
Subtotal: Media/Content/Info (16.50%)*						129,296	130,044
Medical Devices & Equipment							
Under 1 Year Maturity							
InspireMD, Inc.(4)(9)(14B)	Medical Devices & Equipment	Senior Secured	June 2017	Interest rate PRIME + 5.00% or Floor rate of 10.50%	$ 2,237	2,743	2,743
Subtotal: Under 1 Year Maturity						2,743	2,743
1-5 Years Maturity							
Amedica Corporation(8)(14B)(15)	Medical Devices & Equipment	Senior Secured	January 2018	Interest rate PRIME + 7.70% or Floor rate of 10.95%	$ 7,417	8,816	8,715

Aspire Bariatrics, Inc.(14B)(15)	Medical Devices & Equipment	Senior Secured	October 2018	Interest rate PRIME + 4.00% or Floor rate of 9.25%	$ 5,295	5,400	5,368
Avedro, Inc.(14A)(15)	Medical Devices & Equipment	Senior Secured	June 2018	Interest rate PRIME + 6.00% or Floor rate of 9.25%	$ 9,777	9,975	9,982
Flowonix Medical Incorporated(12)(14B)	Medical Devices & Equipment	Senior Secured	May 2018	Interest rate PRIME + 4.75% or Floor rate of 10.00%	$ 10,905	11,340	11,275
	Medical Devices & Equipment	Senior Secured	March 2019	Interest rate PRIME + 6.50% or Floor rate of 10.00%	$ 4,255	4,243	4,214
Total Flowonix Medical Incorporated					$ 15,160	15,583	15,489
Gamma Medica, Inc.(10)(14B)	Medical Devices & Equipment	Senior Secured	January 2018	Interest rate PRIME + 6.50% or Floor rate of 9.75%	$ 2,500	2,650	2,645
IntegenX, Inc.(14B)(15)	Medical Devices & Equipment	Senior Secured	June 2019	Interest rate PRIME + 6.05% or Floor rate of 10.05%	$ 15,000	15,068	15,168

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	Medical Devices & Equipment	Senior Secured	June 2019	Interest rate PRIME + 6.05% or Floor rate of 10.05%	$ 1,750	$ 1,694	$ 1,730
Total IntegenX, Inc.					$ 16,750	16,762	16,898
Micell Technologies, Inc.[11][14B]	Medical Devices & Equipment	Senior Secured	August 2019	Interest rate PRIME + 7.25% or Floor rate of 10.50%	$ 8,277	8,255	8,321