

HERCULES QUARTERLY NEWS UPDATE



6 PRINCIPLES OF VENTURE DEBT

Debt financing helps entrepreneurs get more from their equity dollars by providing extra time or resources needed to reach key growth initiatives such as sales ramp-up, navigating regulatory hurdles, or strengthening the balance sheet in advance of an IPO. As a complement to venture capital, it is also an effective tool for financing technology or company acquisitions. Before you consider adding venture debt to your financing mix, check out our 6 Principles.

1. Size and access to capital matter.
Look for a venture debt provider with the ability to provide capital throughout all stages of your company's development.
2. All loans are not created equal.
The cheapest deal is not always the best deal. Look for a provider who will work with you to customize a financing that meets your business objectives and won't restrict your available cash.
3. The road to growth is seldom a straight line.
Hire someone that you want to work with – who understands the ups and downs of your business and will work with you for the long term.
4. There are no good surprises.
Choose a provider who encourages two-way communication in good times and bad, and has a track record of working with entrepreneurs through both.
5. Venture debt is not for everyone.
Look for a provider that specializes in high growth companies and helping them to build a bridge, not a pier, to achieve value-creating milestones.
6. An investor mindset is required.
Does the provider operate like a partner or a lender? Does the venture debt provider have a track record for supporting its portfolio companies through various cycles of growth?

Hercules is that Partner.
Give us a call or check out our web site at www.htgc.com.

CASE STUDIES

See examples of how these companies have used Hercules debt financing to achieve key business milestones.

NEWS HIGHLIGHTS

- Closed approximately \$630.0 million in new commitments in 2011, the largest in Hercules' history
- Closed approximately \$165.0 million in commitments in Q4-11
- 4 IPOs in Q1-12 and 2 in registration

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RECENT PORTFOLIO COMPANY FINANCINGS AND INVESTMENTS

Since its founding in 2003, Hercules has committed more than \$2.7 billion in flexible financing solutions to over 190 companies.

Select New Investments



AHHHA
Palo Alto, CA

Social platform to take ideas from concept to real-world product/service



Blurb
San Francisco, CA

Creative publishing and marketing platform



Cempira
Pharmaceuticals
Chapel Hill, NC

Clinical-stage pharmaceutical company



Concert
Pharmaceuticals
Lexington, MA

Biotech company focused on reducing time, expense to create new medicines



Dial Global
New York, NY

Independent, full-service radio network (fka: WestwoodOne)



Facebook
Palo Alto, CA

Leading social networking platform



Integrated
Photovoltaics
San Jose, CA

Next-generation scalable solar power



MedCall
Oxford, NC

On-call pharmacy services



Navidea
Biopharmaceuticals
Dublin, OH

Developer of precision diagnostic and radiopharmaceutical agents



NextWave Pharma
Cupertino, CA

Novel treatments for ADHD and related CNS disorders



SClenergy
Berkeley, CA

Predictive diagnostics and analytics for the commercial building space



TaDa Innovations
Emeryville, CA

Live, on-demand HDTV and Video-on-Demand services