

December 19, 2012

## **Hercules Technology Growth Capital Announces Strong New Commitments in Quarter-to-Date Q4 2012 and Provides Year-to-Date 2012 Portfolio Update**

*Securitization transaction strengthens balance sheet and enhances liquidity entering 2013*

- **Quarter-to-date Q4 2012 closed commitments of \$205 million**
- **Year-to-date 2012 closed and pending commitments of \$668 million**
- **Completes Securitization of \$231 million and issues \$129 million Class A Notes that are rated A2 (sf) by Moody's Investors Service**

PALO ALTO, Calif.--(BUSINESS WIRE)-- [Hercules Technology Growth Capital, Inc.](http://www.htgc.com) (NYSE: HTGC), the leading specialty finance company focused on providing senior secured loans to venture capital-backed companies in technology-related markets, including technology, biotechnology, life science and cleantech industries, at all stages of development, today announced its quarter-to-date fourth quarter 2012 portfolio update.

"2012 has been a tremendous year for Hercules in which we executed across all areas of our business and clearly established the company as the undisputed business development company (BDC) leader in venture lending," said Manuel A. Henriquez, Hercules co-founder, chairman and chief executive officer. "2012 was marked with numerous first-time achievements, ranging from completing our first Moody's-rated A2 (sf) securitization of \$231.0 million with net proceeds of approximately \$129.0 million, to completing three senior unsecured and unrated 7.0% seven-year bond offerings or our first 'baby bond' capital raises totaling approximately \$170.0 million, to executing two equity capital raises totaling approximately \$81.0 million, all while achieving portfolio and earnings growth for our investors. We are very pleased that the financial community continues to recognize the quality of our portfolio, the caliber of our team, and our ability to identify investment opportunities, which is all underscored by Moody's A2 (sf) rating of our securitization."

Henriquez continued, "Despite a turbulent and unpredictable market triggered by post U.S. election uncertainty, the continued Euro crisis and now the looming fiscal cliff, we continued to meet the strong demand for venture lending from entrepreneurial companies during the fourth quarter. However, as has been the case through most of 2012, many of these commitments closed near the end of the quarter. We do not expect the majority of the new fundings to have a meaningful impact on our fourth quarter financial results given the late close, but they should provide for a strong start to 2013."

### **Q4 Quarter-to-Date Originations:**

As of December 19, 2012, Hercules has originated approximately \$205.0 million of debt and equity commitments to new and existing portfolio companies.

Hercules' new investment commitments include:

- **\$40.0 million to Merrimack Pharmaceuticals** (NASDAQ: MACK), a biopharmaceutical company with an initial focus on cancer that is engaged in discovering, developing and preparing to commercialize innovative medicines that are paired with companion diagnostics for the treatment of serious diseases.
- **\$34.0 million commitment to Converge, Inc.**, the leading provider of Intelligent Energy Management solutions for Residential and Commercial & Industrial (C&I) customers.
- **\$15.0 million commitment to ShareThis**, the largest platform for sharing and influence across the web, reaching more than 600 million users across more than two million websites.
- **\$14.5 million commitment to WomensForum.com**, an online media platform that delivers women-focused content to its 20 million viewers.
- **\$10.0 million commitment to Redwood Systems**, the leading provider of building-performance lighting solutions.
- **\$10.0 million commitment to Identive Group** (NASDAQ: INVE; Frankfurt: INV), a provider of solutions and services for the identification, security and RFID industries.

- **\$8.5 million** commitment to **NuPathe, Inc.** (NASDAQ: PATH), a specialty pharmaceutical company focused on innovative neuroscience solutions for diseases of the central nervous system including neurological and psychiatric disorders.
- **\$6.0 million** commitment to **Polyera**, a leading supplier of advanced semiconductor materials for the electronics industry including flat panel displays.
- **\$1.0 million** commitment to **Clustrix**, the scale-out SQL database for Big Data applications.

In addition, Hercules provided more than \$65.0 million in new commitments and renewals to existing portfolio companies.

### **Year-to-Date 2012 Total Commitments:**

As of December 19, 2012, Hercules has closed total loan commitments and renewals of approximately \$581.0 million to new and existing portfolio companies.

### **Current Signed Term Sheets: Future Portfolio Growth Potential**

As of December 19, 2012, Hercules has approximately \$87.0 million in non-binding signed term sheets outstanding. These non-binding term sheets generally convert to contractual commitments in approximately 45-to-60 days from signing. Non-binding outstanding term sheets are subject to completion of Hercules' due diligence and final approval process as well as negotiation of definitive documentation with the prospective portfolio companies. It is important to note that not all non-binding term sheets are expected to close and do not necessarily represent future cash requirements. Closed Commitments generally fund 70-80% of the committed amount in aggregate over the life of the commitment.

### **Closed Commitments and Pending Commitments (in millions) (see footnotes below)**

January 1- September 30, 2012 Closed Commitments	\$376.7
Q4 2012 Closed Commitments (as of December 19, 2012)	\$204.5
<b>Total year-to-date 2012 Closed Commitments<sup>(a)</sup></b>	<b>\$581.2</b>
Pending Commitments (as of December 19, 2012) <sup>(b)</sup>	\$87.0
<b>Total year-to-date Closed and Pending Commitments</b>	<b>\$668.2</b>

(a.) Closed Commitments may include renewals of existing credit facilities. Not all Closed Commitments result in future cash requirements. Commitments generally fund over the two succeeding quarters from close.

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

### **Unfunded Commitments**

As of December 19, 2012, Hercules had unfunded debt commitments of approximately \$89.0 million. Since these commitments may expire without being drawn upon, unfunded commitments do not necessarily represent future cash requirements or future earning assets for Hercules. Approximately one third-to-one half of these unfunded commitments are dependent upon the portfolio company reaching certain milestones before the Hercules debt commitment would become available.

### **Portfolio Company Liquidity Events Quarter-to-Date:**

#### **M&A**

In November 2012, Pfizer Inc. (NYSE: PFE) closed its acquisition of Hercules' portfolio company Nextwave Pharmaceuticals for a total potential transaction value of approximately \$700.0 million.

In December 2012, Hercules' portfolio company deCODE Genetics reached a definite agreement to be acquired by Amgen (NASDAQ: [AMGN](#)) in a transaction valued at approximately \$415.0 million, subject to customary closing adjustments.

### **Current Companies in IPO Registration and Existing Warrant Portfolio:**

As of December 19, 2012, Hercules had warrant positions in more than 120 different technology, life science and cleantech companies, and three portfolio companies had filed Form S-1 Registration Statements in contemplation of a potential IPO:

#### **1. iWatt, Inc.**

## 2. Glori Energy, Inc.

## 3. Paratek Pharmaceuticals, Inc.

There can be no assurances that these companies will complete their IPOs in a timely manner or at all.

Quarter-to-date, Fulcrum Bioenergy withdrew its Registration Statement for its IPO.

### Capital Raising Activities Quarter-to-Date:

On December 19, 2012, Hercules Capital Funding Trust 2012-1, a newly-formed wholly owned subsidiary of Hercules, issued \$129.0 million of Class A Notes (the "Notes") rated A2 (sf) by Moody's Investors Service, Inc. ("Moody's") backed by \$231.0 million of senior secured loans originated by Hercules. The Notes bear interest at a fixed rate of 3.32%. The Notes have a stated maturity date of December 16, 2017 and an expected weighted average life of 1.15 years.

On October 3, 2012, Hercules closed a public offering of 3.1 million shares of its common stock at a price of \$10.85 per share, resulting in proceeds of approximately \$33.6 million, excluding other offering expenses.

In October 2012, in connection with the public offering of \$75.0 million in aggregate principal amount of 7.00% Senior Unsecured Notes due 2019 (the September 2019 Notes), the underwriters exercised their over-allotment option for an additional \$10.9 million in aggregate principal amount of the September 2019 Notes, bringing the total size of the offering to approximately \$85.9 million.

### About Hercules Technology Growth Capital, Inc.:

Hercules Technology Growth Capital, Inc. (NYSE: HTGC) ("Hercules") is the leading specialty finance company focused on providing senior secured loans to venture capital-backed companies in technology-related markets, including technology, biotechnology, life science and cleantech industries at all stages of development. Since inception (December 2003), Hercules has committed more than \$3.2 billion to over 220 companies and is the lender of choice for entrepreneurs and venture capital firms seeking growth capital financing.

Hercules' common stock trades on the New York Stock Exchange (NYSE) under the ticker symbol "HTGC."

In addition, Hercules has two outstanding bond issuances of 7.00% Senior Notes due 2019—the April 2019 Notes and September 2019 Notes—which trade on the NYSE under the symbols "HTGZ" and "HTGY," respectively.

Companies interested in learning more about financing opportunities should contact [info@htgc.com](mailto:info@htgc.com), or call 650.289.3060.

### Forward-Looking Statements:

The statements contained in this release that are not purely historical are forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to uncertainties and other factors that could cause actual results to differ materially from those expressed in the forward-looking statements including, without limitation, the risks, uncertainties, including the uncertainties surrounding the current market turbulence, and other factors we identify from time to time in our filings with the Securities and Exchange Commission. Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions also could be incorrect. You should not place undue reliance on these forward-looking statements. The forward-looking statements contained in this release are made as of the date hereof, and Hercules assumes no obligation to update the forward-looking statements for subsequent events.

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