As filed with the Securities and Exchange Commission on May 17, 2005

Registration No. 333-122950

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM N-2

(Check appropriate box or boxes)

☐ REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

☒ Pre-Effective Amendment No. 1

☐ Post-Effective Amendment No.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

(Exact Name of Registrant as Specified in Charter)

525 University Avenue, Suite 700
Palo Alto, CA 94301
(650) 289-3060
(Address and Telephone Number of Principal Executive Offices)

Manuel A. Henriquez
Chairman of the Board, President and Chief Executive Officer
Hercules Technology Growth Capital, Inc.
525 University Avenue, Suite 700
Palo Alto, California 94301
(Name and Address of Agent for Service)

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Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this Registration Statement.

If any securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box ☐

If appropriate, check the following box:

☐ This amendment designates a new date for a previously filed registration statement.

☐ This Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act and the Securities Act registration number of the earlier effective registration statement for the same offering is .

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(2)
Common Stock, $.001 par value per share	6,900,000	$16.00	$110,400,000	$5,933

(1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(2) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the SEC, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MAY 17, 2005

HERCULES TECHNOLOGY GROWTH CAPITAL

6,000,000 Shares
Common Stock

We are a specialty finance company that provides debt and equity growth capital to technology-related companies at all stages of development. We primarily finance privately-held companies backed by leading venture capital and private equity firms and also may finance certain publicly-traded companies. We source our investments through our principal office located in Silicon Valley, as well as our additional offices in the Boston and Chicago areas. Our goal is to be the capital provider of choice for technology-related companies requiring sophisticated and customized financing solutions.

Our investment objective is to maximize our portfolio's total return by generating current income from our debt investments and capital appreciation from our equity-related investments. We are an internally-managed, non-diversified closed-end investment company that has elected to be treated as a business development company under the Investment Company Act of 1940. We borrow funds, which we refer to as leverage, to make investments.

We currently estimate that the initial public offering price per share of our common stock will be between $14.00 and $16.00. We have applied for quotation of our shares of common stock on the Nasdaq National Market under the symbol "HTGC."

Prior to this offering, there has been no public market for our shares. See "Risk Factors" beginning on page 10 to read about risks that you should consider before investing in our common stock, including the risk of leverage.

This prospectus contains important information you should know before investing in our common stock. Please read it before making an investment decision and keep it for future reference. Shares of closed-end investment companies have in the past frequently traded at a discount to their net asset value. If our shares trade at a discount to net asset value, it may increase the risk of loss for purchasers in this initial offering. Purchasers in this initial offering will experience immediate dilution. See "Dilution" beginning on page 31 for more information.

	Per Share	Total[2]
Public offering price	$	$
Sales load (underwriting discounts and commissions)	$	$
Proceeds to us, before expenses[1]	$	$

(1) Before deducting estimated expenses payable by us of approximately $1,325,000.
(2) We have granted the underwriters a 45-day option to purchase up to an additional 900,000 shares of our common stock to cover over-allotments, if any, at the public offering price less the sales load. If the over-allotment option is exercised in full, the total public offering price will be $, the total sales load will be $, and the total proceeds to us, before estimated expenses of $, will be $.

The underwriters have reserved up to 300,000 shares of our common stock for sale to our directors, officers and employees, at the public offering price.

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

After the completion of this offering, we will be required to file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission. This information is available free of charge by contacting us at 525 University Avenue, Suite 700, Palo Alto, California 94301 or by telephone by calling collect at (650) 289-3060 or on our website at www.herculestech.com. The SEC also maintains a website at www.sec.gov that contains such information.

The underwriters expect the shares of our common stock will be ready for delivery to purchasers on or about , 2005.

JMP Securities **Ferris, Baker Watts Incorporated**

The date of this prospectus is , 2005

You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized any dealer, salesperson or other person to provide you with different information or to make representations as to matters not stated in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus is not an offer to sell, or a solicitation of an offer to buy, any shares of common stock by any person in any jurisdiction where it is unlawful for that person to make such an offer or solicitation or to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation. The information in this prospectus is accurate only as of its date, and under no circumstances should the delivery of this prospectus or the sale of any common stock imply that the information in this prospectus is accurate as of any later date or that the affairs of Hercules Technology Growth Capital, Inc. have not changed since the date hereof. We will update the information in this prospectus to reflect any material changes occurring prior to the completion of this offering.

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Hercules Technology Growth Capital, Inc., our logo and other trademarks of Hercules Technology Growth Capital, Inc. mentioned in this prospectus are the property of Hercules Technology Growth Capital, Inc. All other trademarks or trade names referred to in this prospectus are the property of their respective owners.

Our fiscal year ends on December 31. Fiscal years are identified in this prospectus according to the calendar year that they represent. For example, the fiscal year ended December 31, 2004 is referred to herein as "fiscal 2004."

Except as otherwise noted, all information in this prospectus assumes no exercise of the underwriters' over-allotment option.

SUMMARY

This summary highlights some of the information in this prospectus and may not contain all of the information that is important to you. You should read carefully the more detailed information set forth under "Risk Factors" and the other information included in this prospectus. The following summary is qualified in its entirety by reference to the more detailed information and financial statements appearing elsewhere in this prospectus. Except as otherwise noted, all information in this prospectus assumes no exercise of the underwriters' over-allotment option. In this prospectus, unless the context otherwise requires, the "Company," "Hercules Technology Growth Capital," "we," "us" and "our" refer to Hercules Technology Growth Capital, Inc. and our wholly-owned subsidiaries Hercules Technology II, L.P. and Hercules Technology SBIC Management, LLC.

Our Company

We are a specialty finance company that provides debt and equity growth capital to technology-related companies at all stages of development. We primarily finance privately-held companies backed by leading venture capital and private equity firms and also may finance certain publicly-traded companies. We originate our investments through our principal office located in Silicon Valley, as well as our additional offices in the Boston and Chicago areas. Our goal is to be the capital provider of choice for technology-related companies requiring sophisticated and customized financing solutions. We invest primarily in structured mezzanine debt and, to a lesser extent, in senior debt and equity investments. We use the term "structured mezzanine debt investment" 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 rights to purchase common or preferred stock. Our structured mezzanine debt investments will typically be 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 equity-related investments. We are an internally managed, non-diversified closed-end investment company that has elected to be treated as a business development company under the Investment Company Act of 1940, which we refer to as the 1940 Act, and we intend to elect to be treated as a regulated investment company, or RIC, under Subchapter M of the Internal Revenue Code on or prior to January 1, 2006.

We focus our investments in companies active in technology industry sub-sectors characterized by products or services that require advanced technologies, including computer software and hardware, networking systems, semiconductors, semiconductor capital equipment, information technology infrastructure or services, Internet consumer and business services, telecommunications, telecommunications equipment, media and life sciences. Within the life science sub-sector, we expect to focus on medical device, bio-pharmaceutical and health care services and information systems companies. We refer to all of these companies as "technology-related" companies.

We anticipate that our portfolio will be comprised of investments in technology-related companies at various stages of their development. Our emphasis will be on private companies following or in connection with their first institutional round of equity financing, which we refer to as emerging-growth companies, and private companies in later rounds of financing, which we refer to as expansion-stage companies. To a lesser extent, we will make investments in established companies comprised of private companies in one of their final rounds of equity financing prior to a liquidity event or select publicly-traded companies that lack access to public capital or are sensitive to equity ownership dilution.

We commenced investment operations in September 2004 and through April 30, 2005 we had entered into binding agreements to invest approximately $67.8 million in structured mezzanine debt. As of April 30, 2005,

our investment portfolio included structured mezzanine debt investments in 12 portfolio companies representing $47.3 million of invested capital and additional unfunded contractual commitments of $20.5 million to these portfolio companies.

The following table summarizes our investments in portfolio companies as of April 30, 2005.

Company	Principal Business	Funded Investment
Affinity Express, Inc.	Internet Consumer and Business Services	$ 1,668,503
Concuity, Inc.	Software	5,000,000
Gomez, Inc.	Software	2,788,997
Ikano Communications, Inc.	Communications	5,000,000
Inxight Software, Inc.	Software	—
Merrimack Pharmaceuticals, Inc.	Pharmaceutical	9,000,000
Metreo, Inc.	Software	5,000,000
Occam Networks, Inc.	Communications	3,000,000
Omrix Biopharmaceuticals, Inc.	Biopharmaceutical	3,000,000
OptiScan Biomedical Corporation	Biopharmaceutical	3,000,000
Razorgator Interactive Group, Inc.	Internet Consumer and Business Services	5,829,823
Talisma Corp.	Software	4,000,000
	Total investments	$ 47,287,323

In addition, as of May 10, 2005, we had extended non-binding term sheets to eight prospective new portfolio companies representing approximately $74 million of structured mezzanine debt investments. These investments are subject to finalization of our due diligence and approval process as well as negotiation of definitive agreements with the prospective portfolio company and, as a result, may not result in completed investments.

Our management team, which includes Manuel A. Henriquez, our co-founder, Chairman, President and Chief Executive Officer, and Glen C. Howard, our co-founder and Senior Managing Director, is currently comprised of nine 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.

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 structured mezzanine investments in technology-related companies for the following reasons:

Technology-Related Companies 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, in part because traditional lenders have continued to consolidate and have adopted a more risk-averse approach to lending that has resulted in tightened credit standards in recent years. More importantly, we believe traditional lenders are typically unable to underwrite the risk associated with financial sponsor-backed emerging-growth or expansion-stage companies effectively.

Unfulfilled Demand for Structured Debt Financing by Technology-Related Companies. Private debt capital from specialty finance companies continues to be an important source of funding for technology-related companies. We believe that this demand is currently unfulfilled, in part because the historically largest structured lenders to technology-related companies have exited the market while at the same time lending requirements of traditional lenders have become more stringent. We therefore believe we are entering the structured lending market at an opportune time.

Structured Mezzanine Debt Products Complement Equity Financing from Venture Capital and Private Equity Funds. We believe that our structured mezzanine debt products will provide an additional source of growth capital for technology-related companies that may otherwise only be able to obtain equity financing through incremental investments by their existing investors. Generally, we believe emerging-growth and expansion-stage companies target a portion of their capital to be debt in an attempt to achieve a higher valuation through internal growth prior to subsequent equity financing rounds or liquidity events.

Lower Valuations for Private Technology-Related Companies. During the downturn in technology-related industries that began in 2000, we saw sharp and broad declines in valuations of venture capital and private equity-backed technology-related companies. We believe that the valuations currently assigned to these companies in private financing rounds will allow us to build a portfolio of equity-related securities at attractive valuation levels.

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. We have assembled a team of senior investment professionals with extensive experience as venture capitalists, commercial lenders, and originators of structured debt and equity investments in technology-related companies. Members of our management team also have operational, research and development and finance experience with technology-related companies. We have established contacts with leading venture capital and private equity fund sponsors, public and private companies, research institutions and other industry participants, which should enable us to identify and attract well-positioned prospective portfolio companies.

Mitigate Risk of Principal Loss and Build a Portfolio of Equity-Related Securities. We expect that our investments will have the potential to produce attractive risk-adjusted returns through current income as well as capital appreciation from our equity-related investments. We believe that we can mitigate the risk of loss on our debt investments through the combination of principal amortization, cash interest payments, relatively short maturities, taking security interests in the assets of our portfolio companies, 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. Our debt investments will typically include warrants or other equity interests, giving us the potential to realize equity-like returns on a portion of our investment.

Provide Customized Financing Complementary to Financial Sponsors' Capital. We offer a broad range of investment structures and have the flexibility to structure our investments to suit the particular needs of our portfolio companies. We believe that our debt investments will be viewed as an attractive source of capital and that many venture capital and private equity fund sponsors encourage their portfolio companies to use debt financing as a means of potentially enhancing equity returns, minimizing equity dilution and increasing valuations prior to a subsequent equity financing round or a liquidity event.

Invest at Various Stages of Development. We will provide growth capital to technology-related companies at all stages of development, which we believe will provide us with a broader range of potential investment opportunities than those available to many of our competitors, who generally choose to make investments during a particular stage in a company's development.

Benefit from Our Efficient Organizational Structure. We believe that the perpetual nature of our corporate structure enables us to be a long-term partner for our portfolio companies in contrast to traditional mezzanine and 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 (SQL) database system to track various aspects of our investment process, including sourcing, originations, transaction monitoring and post-investment performance. As of March 31, 2005, our proprietary SQL-based database system included over 5,700 technology-related companies and over 1,250 venture capital private equity sponsor/investors, as well as various other industry contacts.

General Information

Our principal executive offices are located at 525 University Avenue, Suite 700, Palo Alto, California 94301, and our telephone number is (650) 289-3060. We also have offices in Waltham, Massachusetts, Boston, Massachusetts and the Chicago, Illinois area. We maintain a website on the Internet at www.herculestech.com. Information contained in our website is not incorporated by reference into this prospectus, and you should not consider that information to be part of this prospectus.

The Offering

Common Stock Offered By Us (1) (2)	6,000,000 shares
Common Stock to be Outstanding After this Offering (1) (3)	9,801,965 shares
Use of Proceeds	We plan to use the net proceeds from this offering to repay all amounts outstanding under our bridge loan facility with an affiliate of Farallon Capital Management, L.L.C., to fund our unfunded capital commitments to portfolio companies and to invest the remaining net proceeds in portfolio companies in accordance with our investment objective and strategy described in this prospectus and to pay our operating expenses. Pending such uses and investments, we will invest the net proceeds 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. See "Use of Proceeds."
Listing	Our shares have no history of public trading. We have applied for quotation of our common stock on the Nasdaq National Market under the symbol "HTGC."
Trading	Shares of closed-end investment companies have in the past frequently traded at discounts to their net asset values. This characteristic of closed-end investment companies is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our shares will trade above, at or below our net asset value.
Taxation	Since our incorporation, we have been taxed as a corporation under Subchapter C of the Internal Revenue Code. We intend to elect to be treated for federal income tax purposes as a RIC on or prior to January 1, 2006. As a RIC, we generally will not pay corporate-level federal income taxes on any ordinary income or capital gains that we distribute to our stockholders as dividends. We may be required, however, to pay corporate-level federal income taxes on gains built into our assets as of the effective date of our RIC election. See "Certain U.S. Federal Income Tax Consequences—Conversion to Regulated Investment Company Status." To obtain and maintain the federal income tax benefits of RIC status, we must meet specified source-of-income and asset diversification requirements and

(1) Excludes 900,000 shares of common stock that may be issued pursuant to the underwriters' over-allotment option.
(2) At our request, the underwriters have reserved, at the public offering price, up to 300,000 shares of our common stock for sale to our directors, officers and employees.
(3) Excludes 886,659 shares of common stock issuable upon the exercise of outstanding options and warrants and 1,190,000 additional shares of common stock issuable upon the exercise of options expected to be granted concurrently with the completion of this offering.

	distribute annually an amount equal to at least 90% of the sum of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, out of assets legally available for distribution. See "Distributions."
Distributions	We intend to distribute quarterly dividends to our stockholders following our election to be treated as a RIC. The amount of our quarterly distributions will be determined by our board of directors out of assets legally available for distribution. We intend to elect to be treated as a RIC on or prior to January 1, 2006, and as such, to distribute thereafter to our stockholders annually at least 90% of the sum of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. In addition, prior to the end of our first tax year as a RIC, we will be required to make a distribution to our stockholders equal to the amount of any earnings and profits from the period prior to our RIC election. Currently, we intend to retain some or all of our realized net long-term capital gains in order to build our per share net asset value. As a result, we will elect to make deemed distributions of such amounts to our stockholders. We may, in the future, make actual distributions to our stockholders of some or all of our realized net long-term capital gains.
Dividend Reinvestment Plan	We have adopted a dividend reinvestment plan through which distributions are paid to stockholders in the form of additional shares of our common stock, unless a stockholder elects to receive cash. See "Dividend Reinvestment Plan." Those stockholders whose shares are held by a broker or other financial intermediary may receive distributions in cash by notifying their broker or other financial intermediary of their election.
Leverage	We borrow funds to make additional investments, and we may grant a security interest in our assets to a lender in connection with any such borrowings, including any borrowings by any of our subsidiaries. We use this practice, which is known as "leverage," to attempt to increase returns to our common stockholders. However, leverage involves significant risks. See "Risk Factors." With certain limited exceptions, we are only allowed to borrow amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% after such borrowing. The amount of leverage that we employ will depend on our assessment of market and other factors at the time of any proposed borrowing. As of April 30, 2005, we had outstanding $25 million in aggregate principal amount of indebtedness under our bridge loan facility. See "Obligations and Indebtedness—Bridge Financing." While we plan to use the net proceeds of this offering to repay all amounts outstanding under the bridge loan facility, following this offering we expect to enter into a revolving credit or warehouse facility to provide us with additional leverage and, if our subsidiary is able to obtain a license under the Small Business Investment Act of 1958, to borrow money from the Small Business Administration. There can be no assurance, however,

	that we will be able to obtain a revolving credit or warehouse facility on terms acceptable to us or at all. See "Obligations and Indebtedness—Warehouse Facility."
Risk Factors	Investing in our common stock involves certain risks relating to our structure and our investment objective that you should consider before deciding whether to invest in our common stock. In addition, we expect that our portfolio will continue to consist primarily of securities issued by privately-held technology-related companies. These investments may involve a high degree of business and financial risk, and they are generally illiquid. Our portfolio companies typically will require additional outside capital beyond our investment in order to succeed. A large number of entities compete for the same kind of investment opportunities as we seek. We borrow funds to make our investments in portfolio companies. As a result, we are exposed to the risks of leverage, which may be considered a speculative investment technique. Borrowings magnify the potential for gain and loss on amounts invested and, therefore increase the risks associated with investing in our common stock. Also, we are subject to certain risks associated with valuing our portfolio, changing interest rates, accessing additional capital, fluctuating quarterly results, and operating in a regulated environment. See "Risk Factors" beginning on page 10 for a discussion of factors you should carefully consider before deciding whether to invest in our common stock.
Certain Anti-Takeover Measures	Our charter and bylaws, as well as certain statutes and regulations, contain provisions that may have the effect of discouraging a third party from making an acquisition proposal for our company. This could delay or prevent a transaction that could give our stockholders the opportunity to realize a premium over the price for their securities.
Where You Can Find Additional Information	We have filed with the Securities and Exchange Commission, or SEC, a registration statement on Form N-2, including any amendments thereto and related exhibits, under the Securities Act of 1933, which we refer to as the Securities Act, with respect to our shares of common stock offered by this prospectus. The registration statement contains additional information about us and our shares of common stock being offered by this prospectus. After completion of this offering, our common stock will be registered under the Securities Exchange Act of 1934, which we refer to as the Exchange Act, and we will be required to file reports, proxy statements and other information with the SEC. This information will be available at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain information about the operation of the SEC's public reference room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet website, at http://www.sec.gov, that contains reports, proxy and information statements, and other information regarding issuers, including us, that file documents electronically with the SEC.

Fees and Expenses

The following table is intended to assist you in understanding the various costs and expenses that an investor in our common stock will bear directly or indirectly. However, we caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus contains a reference to fees or expenses paid by "you" or "us" or that "we" will pay fees or expenses, stockholders will indirectly bear such fees or expenses as investors in Hercules Technology Growth Capital.

Stockholder Transaction Expenses (as a percentage of the public offering price):	
Sales load	7.0%(1)
Offering expenses borne by us	1.5%(2)
Dividend reinvestment plan fees	— %(3)
Total stockholder transaction expenses (as a percentage of the public offering price)	8.5%
Annual Expenses (as a percentage of net assets attributable to common stock): (4)	
Operating expenses	7.0%(5)(6)
Interest payments on borrowed funds	5.0%(7)
Total annual expenses	12.0%(8)

(1) The sales load (underwriting discounts and commissions) with respect to our common stock sold in this offering, which is a one-time fee paid to the underwriters, is the only sales load paid in connection with this offering.
(2) The percentage reflects estimated offering expenses of approximately $1,325,000.
(3) The expenses associated with the administration of our dividend reinvestment plan are included in "operating expenses". The participants in our dividend reinvestment plan will pay a pro rata share of brokerage commissions incurred with respect to open market purchases, if any, made by the administrator under the plan. For more details about the plan, see "Dividend Reinvestment Plan".
(4) "Net assets attributable to common stock" equals net assets (i.e., total assets less total liabilities), which were $41.4 million at March 31, 2005.
(5) "Operating expenses" represent our operating expenses based on annualized actual results for the quarterly period ending March 31, 2005.
(6) We do not have an investment adviser and are internally managed by our executive officers under the supervision of our board of directors. As a result, we do not pay investment advisory fees, but instead we pay the operating costs associated with employing investment management professionals.
(7) "Interest payments on borrowed funds" represents an estimate of our annual interest expense based on payments assumed to be made under a warehouse facility that we expect to enter into following this offering. This estimate assumes a debt to equity ratio of 1 to 1 and a per annum interest rate of 5.0%. Actual interest payments may be different from the amount shown. This estimate does not include payments made under the bridge loan facility that we will have in place until the completion of this offering because we plan to use a portion of the net proceeds from this offering to repay all amounts outstanding under the bridge loan facility. Based on payments to be made under the bridge loan facility, assuming $25.0 million of debt outstanding, our interest payments on borrowed funds would be 4.8%.
(8) "Total annual expenses" is the sum of "operating expenses" and "interest payments on borrowed funds."

Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. These amounts are based upon payment by an investor of a 7% sales load (the sales load paid by us with respect to our common stock sold in this offering) and our payment of annual operating expenses at the levels set forth in the table above and assume no additional leverage.

	1 year	3 years	5 years	10 years
You would pay the following expenses on a $1,000 investment, assuming a 5% annual return	$184	$ 389	$ 564	$ 903

The example and the expenses in the tables above should not be considered a representation of our future expenses, and actual expenses may be greater or lesser than those shown. Moreover, while the example assumes, as required by the applicable rules of the SEC, a 5% annual return, our performance will vary and may result in a return greater or lesser than 5%. In addition, while the example assumes reinvestment of all dividends and distributions at net asset value, participants in our dividend reinvestment plan may receive shares valued at the market price in effect at that time. This price may be at, above or below net asset value. See "Dividend Reinvestment Plan" for additional information regarding our dividend reinvestment plan.

Selected Financial Data

The selected financial data set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included elsewhere in this prospectus. The selected balance sheet data as of the end of fiscal 2004 presented below, and the selected income statement data for the period from February 2, 2004 through the end of fiscal 2004, have been derived from our audited financial statements included elsewhere herein, which have been audited by Ernst & Young LLP, an independent registered public accounting firm. The selected balance sheet data as of March 31, 2005 presented below and the selected income statement data for the fiscal quarter then ended have been derived from our unaudited financial statements included elsewhere herein. The historical data are not necessarily indicative of results to be expected for any future period.

	Period from February 2, 2004 to December 31, 2004(1)	Fiscal quarter ended March 31, 2005(1)
Statement of operations data:		
Interest income	$ 214,100	$ 753,973
Employee compensation	1,164,504	494,954
Stock option costs (2)	680,000	24,000
General and administrative	388,885	198,885
Organization costs	15,000	—
Depreciation	7,533	3,764
Total operating expenses	2,255,922	721,603
Increase (decrease) in net assets resulting from operations	$ (2,041,822)	$ 32,370

	As of December 31, 2004	As of March 31, 2005
Balance sheet data:		
Investments	$ 16,700,000	$ 32,573,188
Cash and cash equivalents	8,678,329	9,260,362
Total assets	25,232,672	41,626,112
Total liabilities	154,539	190,879
Total net assets	$ 25,078,133	$ 41,435,233
Other Data:		
Total fundings	$ 16,700,000	$ 32,700,000
Unfunded commitments	5,000,000	9,000,000
Net asset value per share	$ 12.18	$ 10.90(3)

(1) We commenced operations on February 2, 2004 but did not commence investment operations until September 2004 and as a result, there is no period with which to compare our results of operations for the period from February 2, 2004 (commencement of operations) through December 31, 2004 or the fiscal quarter ended March 31, 2005.

(2) Non-cash expense under FAS 123 related to options and warrants granted to employees at the time of our June 2004 private offering and options granted to employees in December 2004.

(3) In February 2005, 1-year warrants to purchase 1,175,963 shares of our common stock were exercised generating proceeds to us of approximately $12.4 million and 5-year warrants to purchase 597,196 shares of our common stock were cancelled and we issued to holders of such 5-year warrants one share of our common stock for every two 5-year warrants so cancelled.

RISK FACTORS

Investing in our common stock involves a high degree of risk. Before you invest in shares of our common stock, you should be aware of various risks, including those described below. You should carefully consider these risks, together with all of the other information included in this prospectus, before you decide whether to make an investment in our common stock. The risks set forth below are not the only risks we face. If any of the following risks occur, our business, financial condition and results of operations could be materially adversely affected. In such case, our net asset value and the trading price of our common stock could decline, and you may lose all or part of your investment.

Risks Related to our Business and Structure

We have a limited operating history as a business development company, and, prior to this offering, we have not operated as a RIC, which may affect our ability to manage our business and impair your ability to assess our prospects.

We were incorporated in December 2003 and commenced investment operations in September 2004. We are subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that we will not achieve our investment objective and that the value of your investment in us could decline substantially. We have limited operating history as a business development company, and, prior to this offering, we have not operated as a RIC. As a result, we have no operating results under these regulatory frameworks that can demonstrate to you either their effect on our business or our ability to manage our business within these frameworks. See "Regulation" and "Certain United States Federal Income Tax Considerations." If we fail to maintain our status as a business development company or a RIC, our operating flexibility would be significantly reduced.

We are dependent upon key management personnel for our future success, particularly Manuel A. Henriquez, and if we are not able to hire and retain qualified personnel or if we lose any member of our senior management team, our ability to implement our business strategy could be significantly harmed.

We depend on the members of our senior management, particularly Mr. Henriquez, as well as other key personnel for the identification, final selection, structuring, closing and monitoring of our investments. These employees have critical industry experience and relationships that we rely on to implement our business plan. If we lose the services of Mr. Henriquez or any other senior members of management, we may not be able to operate our business as we expect, and our ability to compete could be harmed, which could cause our operating results to suffer. We believe our future success will depend, in part, on our ability to identify, attract and retain sufficient numbers of highly skilled employees. If we do not succeed in identifying, attracting and retaining these personnel, we may not be able to operate our business as we expect.

Our business model depends to a significant extent upon strong referral relationships with venture capital and private equity fund sponsors, and our inability to develop or maintain these relationships, or the failure of these relationships to generate investment opportunities, could adversely affect our business.

We expect that members of our management team will maintain their relationships with venture capital and private equity firms, and we will rely to a significant extent upon these relationships to provide us with our deal flow. If we fail to maintain our existing relationships or develop new relationships with other firms or sources of investment opportunities, we will not be able to grow our investment portfolio. In addition, persons with whom members of our management team have relationships are not obligated to provide us with investment opportunities, and, therefore, there is no assurance that such relationships will lead to the origination of debt or other investments.

We operate in a highly competitive market for investment opportunities, and we may not be able to compete effectively.

A large number of entities compete with us to make the types of investments that we plan to make in prospective portfolio companies. We compete with a large number of venture capital and private equity firms as well as other investment funds, investment banks and other sources of financing, including traditional financial services companies such as commercial banks and finance companies. Many of our competitors are substantially larger and have considerably greater financial, technical, marketing and other resources than we do. For example, some competitors may have a lower cost of funds and access to funding sources that are not available to us. This may enable some of our competitors to make commercial loans with interest rates that are comparable to or lower than the rates we typically offer. We may lose prospective portfolio companies if we do not match our competitors' pricing, terms and structure. If we do match our competitors' pricing, terms or structure, we may experience decreased net interest income and increased risk of credit losses. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments, establish more relationships and build their market shares. Furthermore, many of our potential competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a business development company or that the Internal Revenue Code, or the Code, imposes on us as a RIC. If we are not able to compete effectively, our business, financial condition and results of operations will be adversely affected. As a result of this competition, there can be no assurance that we will be able to identify and take advantage of attractive investment opportunities that we identify or that we will be able to fully invest our available capital.

Because we intend to distribute substantially all of our income to our stockholders upon our election to be treated as a RIC, we will continue to need additional capital to finance our growth. If additional funds are unavailable or not available on favorable terms, our ability to grow will be impaired.

In order to satisfy the requirements applicable to a RIC, to avoid payment of excise taxes and to minimize or avoid payment of income taxes, we intend to distribute to our stockholders substantially all of our ordinary income and realized net capital gains except for certain net long-term capital gains recognized after we become a RIC, which we intend to retain, pay applicable income taxes with respect thereto, and elect to treat as deemed distributions to our stockholders. As a business development company, we generally are required to meet a coverage ratio of total assets to total senior securities, which includes all of our borrowings and any preferred stock we may issue in the future, of at least 200%. This requirement limits the amount that we may borrow. Because we will continue to need capital to grow our loan and investment portfolio, this limitation may prevent us from incurring debt and require us to raise additional equity at a time when it may be disadvantageous to do so. While we expect to be able to borrow and to issue additional debt and equity securities, we cannot assure you that debt and equity financing will be available to us on favorable terms, or at all, and debt financings may be restricted by the terms of any of our outstanding borrowings. In addition, as a business development company, we generally are not permitted to issue equity securities priced below net asset value without stockholder approval. If additional funds are not available to us, we could be forced to curtail or cease new lending and investment activities, and our net asset value could decline.

If we incur debt, it could increase the risk of investing in our company.

As of the date of this prospectus, we have outstanding indebtedness of $25 million pursuant to our bridge loan credit facility with an affiliate of Farallon Capital Management, L.L.C. Although we plan to use the proceeds from this offering to repay all amounts outstanding under this bridge loan facility, we expect, in the future, to borrow from, and issue senior debt securities to, banks, insurance companies and other lenders, including pursuant to a warehouse facility. See "Obligations and Indebtedness—Warehouse Facility." In addition, we expect to pursue financing from the Small Business Administration under its Small Business Investment Company program. See "Obligations and Indebtedness—SBIC Financing" and "Regulation—Small Business Administration Regulations."

Lenders will have fixed dollar claims on our assets that are superior to the claims of our stockholders, and we may grant a security interest in our assets in connection with our borrowings. In the case of a liquidation

event, those lenders would receive proceeds before our stockholders. In addition, borrowings, also known as leverage, magnify the potential for gain or loss on amounts invested and, therefore, increase the risks associated with investing in our securities. Leverage is generally considered a speculative investment technique. If the value of our assets increases, then leveraging would cause the net asset value attributable to our common stock to increase more than it otherwise would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause the net asset value attributable to our common stock to decline more than it otherwise would have had we not leveraged. Similarly, any increase in our revenue in excess of interest expense on our borrowed funds would cause our net income to increase more than it would without the leverage. Any decrease in our revenue would cause our net income to decline more than it would have had we not borrowed funds and could negatively affect our ability to make distributions on our common stock. Our ability to service any debt that we incur will depend largely on our financial performance and will be subject to prevailing economic conditions and competitive pressures.

As a business development company, we generally are required to meet a coverage ratio of total assets to total borrowings and other senior securities, which include all of our borrowings and any preferred stock we may issue in the future, of at least 200%. If this ratio declines below 200%, we may not be able to incur additional debt and may need to sell a portion of our investments to repay some debt when it is disadvantageous to do so, and we may not be able to make distributions.

Illustration. The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns, net of expenses. The calculations in the table below are hypothetical and actual returns may be higher or lower than those appearing in the table below.

	Assumed return on our portfolio (net of expenses)				
	-10%	-5%	0%	5%	10%
Corresponding return to stockholder (1)	-25%	-15%	-5%	5%	15%

(1) Assumes $200 million in total assets, $100 million in debt outstanding, $100 million in stockholders' equity and an average cost of funds of 5.0%, which we assume to be the cost of funds of the warehouse facility we expect to enter into after this offering. Actual interest payments may be different.

Because most of our investments typically are not in publicly-traded securities, there is uncertainty regarding the value of our investments, which could adversely affect the determination of our net asset value.

Our investments are expected to continue to consist primarily of securities issued by privately-held companies, the fair value of which is not readily determinable. In addition, we are not permitted to maintain a general reserve for anticipated loan losses. Instead, we are required by the 1940 Act to specifically value each investment and record an unrealized gain or loss for any asset that we believe has increased or decreased in value. We value these securities at fair value as determined in good faith by our board of directors, based on the recommendations of the valuation committee of our board of directors. The valuation committee utilizes its best judgment in arriving at the fair value of these securities. However, the board of directors retains ultimate authority as to the appropriate valuation of each investment. Because such valuations are inherently uncertain and may be based on estimates, our determinations of fair value may differ materially from the values that would be assessed if a ready market for these securities existed. Our net asset value could be adversely affected if our determinations regarding the fair value of our investments were materially higher than the values that we ultimately realize upon the disposal of such securities.

Regulations governing our operation as a business development company affect our ability to, and the way in which, we raise additional capital, which may expose us to risks.

Our business will require a substantial amount of capital in addition to the proceeds of this offering. We may acquire additional capital from the issuance of senior securities, including borrowings or other indebtedness, the issuance of additional shares of our common stock or from securitization transactions. However, we may not

be able to raise additional capital in the future on favorable terms or at all. We may issue debt securities, other evidences of indebtedness or preferred stock, and we may borrow money from banks or other financial institutions, which we refer to collectively as "senior securities," up to the maximum amount permitted by the 1940 Act. The 1940 Act permits us to issue senior securities in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% after each issuance of senior securities. Our ability to pay dividends or issue additional senior securities would be restricted if our asset coverage ratio were not at least 200%. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to liquidate a portion of our investments and repay a portion of our indebtedness at a time when such sales may be disadvantageous. As a result of issuing senior securities, we would also be exposed to typical risks associated with leverage, including an increased risk of loss. If we issue preferred stock, it would rank "senior" to common stock in our capital structure, preferred stockholders would have separate voting rights and may have rights, preferences or privileges more favorable than those of our common stock and the issuance of preferred stock could have the effect of delaying, deferring or preventing a transaction or a change of control that might involve a premium price for holders of our common stock or otherwise be in your best interest.

To the extent we are constrained in our ability to issue debt or other senior securities, we will depend on issuances of common stock to finance our operations. As a business development company, we are generally not able to issue our common stock at a price below net asset value without first obtaining required approvals from our stockholders and our independent directors. If we raise additional funds by issuing more common stock or senior securities convertible into, or exchangeable for, our common stock, the percentage ownership of our stockholders at that time would decrease, and you may experience dilution. In addition to issuing securities to raise capital as described above, we anticipate that in the future we may securitize our loans to generate cash for funding new investments. An inability to successfully securitize our loan portfolio could limit our ability to grow our business and fully execute our business strategy.

Our ability to invest in certain private and public companies may be limited in certain circumstances.

As a business development company, we must not acquire any assets other than "qualifying assets" unless, at the time of and after giving effect to such acquisition, at least 70% of our total assets are qualifying assets. We expect that substantially all of our assets will be "qualifying assets," although we may decide to make other investments that are not "qualifying assets" to the extent permitted by the 1940 Act.

Currently, if we acquire debt or equity securities from an issuer that has outstanding marginable securities at the time we make an investment, these acquired assets cannot be treated as qualifying assets. This result is dictated by the definition of "eligible portfolio company" under the 1940 Act, which in part looks to whether a company has outstanding marginable securities. For a more detailed discussion of the definition of an "eligible portfolio company" and the marginable securities requirement, see the section entitled "Regulation—Qualifying Assets."

Amendments promulgated in 1998 by the Federal Reserve expanded the definition of a marginable security under the Federal Reserve's margin rules to include any non-equity security. Thus, any debt securities issued by any entity are marginable securities under the Federal Reserve's current margin rules. As a result, the staff of the SEC has raised the question to the business development company industry as to whether a private company that has outstanding debt securities would qualify as an "eligible portfolio company" under the 1940 Act.

The SEC has recently issued proposed rules to correct the unintended consequence of the Federal Reserve's 1998 margin rule amendments of apparently limiting the investment opportunities of business development companies. In general, the SEC's proposed rules would define an eligible portfolio company as any company that does not have securities listed on a national securities exchange or association. We are currently in the process of reviewing the SEC's proposed rules and assessing their impact, to the extent such proposed rules are subsequently approved by the SEC, on our investment activities.

Until the SEC or its staff has taken a final public position with respect to the issue discussed above, we will continue to monitor this issue closely, and we may be required to adjust our investment focus to comply with any future administrative position or action taken by the SEC.

We may have difficulty paying our required distributions if we recognize income before or without receiving cash representing such income.

In accordance with generally accepted accounting principles and tax regulations, we include in income certain amounts that we have not yet received in cash, such as contracted payment-in-kind interest, which represents contractual interest added to the loan balance and due at the end of the loan term. In addition to the cash yields received on our loans, in some instances, certain loans may also include any of the following: end of term payments, exit fees, balloon payment fees or prepayment fees. The increases in loan balances as a result of contracted payment-in-kind arrangements are included in income for the period in which such payment-in-kind interest was received, which is often in advance of receiving cash payment, and are separately identified on our statements of cash flows. We also may be required to include in income certain other amounts that we will not receive in cash. Any warrants that we receive in connection with our debt investments will generally be valued as part of the negotiation process with the particular portfolio company. As a result, a portion of the aggregate purchase price for the debt investments and warrants will be allocated to the warrants that we receive. This will generally result in "original issue discount" for tax purposes, which we must recognize as ordinary income, increasing the amounts we are required to distribute to qualify for the federal income tax benefits applicable to RICs. Because these warrants would not produce distributable cash for us at the same time as we are required to make distributions in respect of the related original issue discount, we would need to obtain cash from other sources to satisfy such distribution requirements. If we are unable to obtain cash from other sources to satisfy such distribution requirements, we may fail to qualify for the federal income tax benefits allowable to RICs and, thus, become subject to a corporate-level income tax on all our income. Other features of the debt instruments that we hold may also cause such instruments to generate original issue discount, resulting in a dividend distribution requirement in excess of current cash interest received. Since in certain cases we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the requirement to distribute at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. If we are unable to met these distribution requirements, we will not qualify for the federal income tax benefits allowable to a RIC. Accordingly, we may have to sell some of our assets, raise additional debt or equity capital or reduce new investment originations to meet these distribution requirements. See "Certain United States Federal Income Tax Considerations—Taxation as a Regulated Investment Company."

If we are unable to manage our future growth effectively, we may be unable to achieve our investment objective, which could adversely affect our financial condition and results of operations and cause the value of your investment to decline.

Our ability to achieve our investment objective will depend on our ability to sustain growth, which will depend, in turn, on our senior management team's ability to identify, evaluate, finance and invest in suitable companies that meet our investment criteria. Accomplishing this result on a cost-effective basis is largely a function of our marketing capabilities, our management of the investment process, our ability to provide efficient services and our access to financing sources on acceptable terms. Failure to manage our future growth effectively could have a material adverse effect on our business, financial condition and results of operations.

Our quarterly and annual operating results are subject to fluctuation as a result of the nature of our business, and if we fail to achieve our investment objective, the net asset value of our common stock may decline.

We could experience fluctuations in our quarterly and annual operating results due to a number of factors, some of which are beyond our control, including the interest rate payable on the debt securities we acquire, the default rate on such securities, the level of our expenses, variations in and the timing of the recognition of

realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

Fluctuations in interest rates may adversely affect our profitability.

A portion of our income will depend upon the difference between the rate at which we borrow funds and the interest rate on the debt securities in which we invest. Because we will borrow 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 these funds. Typically, we anticipate that our interest-earning investments will accrue and pay interest at fixed rates, and our interest-bearing liabilities will accrue interest at variable rates. As a result, 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. We anticipate using a combination of equity and long-term and short-term borrowings to finance our investment activities.

A significant increase in market interest rates could harm our ability to attract new portfolio companies and originate new loans and investments. We expect that substantially all of our initial investments in debt securities will be at fixed rates. However, in the event we make investments in debt securities at variable rates, a significant increase in market interest rates could also result in an increase in our non-performing assets and a decrease in the value of our portfolio because our floating-rate loan portfolio companies may be unable to meet higher payment obligations. In periods of rising interest rates, our cost of funds would increase, resulting in a decrease in our net investment income. In addition, a decrease in interest rates may reduce net income because new investments may be made at lower rates despite the increased demand for our capital that the decrease in interest rates may produce. We may, but will not be required to, hedge against the risk of adverse movement in interest rates in our short-term and long-term borrowings relative to our portfolio of assets. If we engage in hedging activities, it may limit our ability to participate in the benefits of lower interest rates with respect to the hedged portfolio. Adverse developments resulting from changes in interest rates or hedging transactions could have a material adverse effect on our business, financial condition and results of operations.

If we are unable to borrow money in order to leverage our equity capital, our ability to make new investments and our ability to execute our business plan will be impaired.

Prior to this offering, we borrowed $25 million under our bridge loan credit facility with an affiliate of Farallon Capital Management, L.L.C. We expect to repay all amounts outstanding under this bridge loan credit facility with a portion of the proceeds from this offering. However, we expect to incur additional indebtedness following this offering, including pursuant to a warehouse credit facility and, if our subsidiary obtains a small business investment company license, from the Small Business Administration. There can be no assurance however that we will be successful in obtaining any additional debt capital on terms acceptable to us or at all, and if we are unable to obtain debt capital, positive investment returns for our equity investors, if any, will not benefit from the potential for increased returns on equity resulting from leverage to the extent that our investment strategy is successful.

It is likely that the terms of any long-term or revolving credit or warehouse facility we may enter into in the future could constrain our ability to grow our business.

While there can be no assurance that we will be able to borrow from banks or other financial institutions, we expect that we will at some time in the future obtain a long-term or revolving credit facility or warehouse facility. The lender or lenders under such a facility will have fixed dollar claims on our assets that are senior to the claims of our stockholders and, thus, will have a preference over our stockholders with respect to our assets. In addition, we may grant a security interest in our assets in connection with any such borrowing. We expect such a facility to contain customary default provisions such as a minimum net worth amount, a profitability test, and a restriction on changing our business and loan quality standards. An event of default under any credit facility would likely

result, among other things, in termination of the availability of further funds under that facility and an accelerated maturity date for all amounts outstanding under the facility, which would likely disrupt our business and, potentially, the portfolio companies whose loans we financed through the facility. This could reduce our revenues and, by delaying any cash payment allowed to us under our facility until the lender has been paid in full, reduce our liquidity and cash flow and impair our ability to grow our business and maintain our status as a RIC.

If we are unable to satisfy Internal Revenue Code requirements for qualification as a RIC, we will be subject to corporate-level income tax, which would adversely affect our results of operations and financial condition.

After we elect, and if we qualify, to be treated as a RIC, we can generally avoid corporate-level federal income taxes on income distributed to our stockholders as dividends. In addition, as a RIC, we could be subject to tax on any unrealized net built-in gains in the assets held by us during the period in which we were not (or in which we failed to qualify as) a RIC that are recognized within the next 10 years, unless we made a special election to pay corporate-level tax on such built-in gain at the time of our RIC election or an exception applies. See "Certain U.S. Federal Income Tax Consequences—Conversion to Regulated Investment Company Status." We will not qualify for this pass-through tax treatment if we are unable to comply with the source of income, diversification or distribution requirements contained in Subchapter M of the Code, or if we fail to maintain our election to be regulated as a business development company under the 1940 Act. If we fail to qualify for the federal income tax benefits allowable to RICs for any reason and remain or become subject to a corporate-level income tax, the resulting taxes could substantially reduce our net assets, the amount of income available for distribution to our stockholders, and the actual amount of our distributions. Such a failure would have a material adverse effect on us, the net asset value of our common stock and the total return, if any, obtainable from your investment in our common stock. For additional information regarding our regulatory requirements, see "Regulation" and "Certain United States Federal Income Tax Considerations." Any net operating losses we incur in periods when we qualify as a RIC will not offset net capital gains (i.e., net realized long-term capital gains in excess of net short-term capital losses) that we are otherwise required to distribute and we cannot pass such net operating losses through to stockholders. In addition, net operating losses that we carry over to a taxable year in which we qualify as a RIC normally cannot offset ordinary income or capital gains.

Changes in laws or regulations governing our business could negatively affect the profitability of our operations.

Changes in the laws or regulations or the interpretations of the laws and regulations that govern business development companies, small business investment companies, RICs or non-depository commercial lenders could significantly affect our operations and our cost of doing business. We are subject to federal, state and local laws and regulations and are subject to judicial and administrative decisions that affect our operations, including our loan originations, maximum interest rates, fees and other charges, disclosures to portfolio companies, the terms of secured transactions, collection and foreclosure procedures, and other trade practices. If these laws, regulations or decisions change, or if we expand our business into jurisdictions that have adopted more stringent requirements than those in which we currently conduct business, we may have to incur significant expenses in order to comply or we might have to restrict our operations. In addition, if we do not comply with applicable laws, regulations and decisions, we may lose licenses needed for the conduct of our business and be subject to civil fines and criminal penalties, any of which could have a material adverse effect upon our business, results of operations or financial condition.

Our internal controls over financial reporting may not be adequate and our independent auditors may not be able to certify as to their adequacy, which could have a significant and adverse effect on our business and reputation.

We are evaluating our internal controls over financial reporting. We have been notified by Ernst & Young LLP, our independent auditors, that they identified certain material weaknesses in our financial reporting processes and procedures related to sufficient staffing levels. We plan to design enhanced processes and controls to address these

and any other issues that might be identified. As a result, we expect to incur additional expenses, and this process will result in a diversion of management's time and attention. We cannot be certain as to the timing of completion of our evaluation, testing and remediation actions or the impact of the same on our operations and may not be able to ensure that the process is effective or that the internal controls are or will be effective in a timely manner. In addition, upon completion of this offering, our management will be required to report on our internal controls over financial reporting pursuant to Sections 302 and 404 of the Sarbanes-Oxley Act of 2002 and rules and regulations of the SEC thereunder. As a reporting company, we will be required to review on an annual basis our internal controls over financial reporting, and on a quarterly and annual basis to evaluate and disclose changes in our internal controls over financial reporting. There can be no assurance that we will successfully identify and resolve all issues required to be disclosed prior to becoming a public company or that our quarterly reviews will not identify additional material weaknesses.

Risks Related to our Investments

We have not yet identified the portfolio companies in which we will invest the net proceeds of this offering.

Our investments will be selected by our management team, subject to the approval of our investment committee, and our stockholders will not have input into our investment decisions. Both of these factors will increase the uncertainty, and thus the risk, of investing in our shares.

Our investments are concentrated in a limited number of technology-related companies, which subjects us to the risk of significant loss if any of these companies default on its obligations under any of its debt securities that we hold or if any of these technology-related industry sectors experience a downturn.

We intend to invest the net proceeds of this offering in a limited number of technology-related companies. A consequence of this limited number of investments is that the aggregate returns we realize may be significantly adversely affected if a small number of investments perform poorly or if we need to write down the value of any one investment. Beyond the asset diversification requirements to which we will be subject as a RIC, we do not have fixed guidelines for diversification or limitations on the size of our investments in any one portfolio company and our investments could be concentrated in relatively few issuers. In addition, we intend to invest, under normal circumstances, at least 80% of the value of our total assets (including the amount of any borrowings for investment purposes) in technology-related companies. As a result, a downturn in technology-related industry sectors could materially adversely affect us.

Our investments may be concentrated in emerging-growth or expansion-stage portfolio companies, which may have limited operating histories and financial resources.

We expect that our portfolio will consist primarily of investments in emerging-growth and expansion-stage privately-owned businesses, which may have relatively limited operating histories. Compared to larger established or publicly-owned firms, these companies may be more vulnerable to economic downturns, may have more limited access to capital and higher funding costs, may have a weaker financial position, and may need more capital to expand or compete. These businesses also may experience substantial variations in operating results. They may face intense competition, including from companies with greater financial, technical and marketing resources. Furthermore, some of these companies do business in regulated industries and could be affected by changes in government regulation. Accordingly, these factors could impair their cash flow or result in other events, such as bankruptcy, which could limit their ability to repay their obligations to us, and may adversely affect the return on, or the recovery of, our investment in these businesses.

Our investment strategy focuses on technology-related companies, which are subject to many risks, including volatility, intense competition, shortened product life cycles and periodic downturns, and you could lose all or part of your investment.

We will invest primarily in technology-related companies, many of which may have narrow product lines and small market shares, which tend to render them more vulnerable to competitors' actions and market

conditions, as well as general economic downturns. The revenues, income (or losses) and valuations of technology-related companies can and often do fluctuate suddenly and dramatically. In addition, technology- related markets are generally characterized by abrupt business cycles and intense competition. Beginning in mid-2000, there was substantial excess production capacity and a significant slowdown in many technology-related industries. This overcapacity, together with a cyclical economic downturn, resulted in substantial decreases in the market capitalization of many technology-related companies. While such valuations have recovered to some extent, such decreases in market capitalization may occur again, and any future decreases in technology-related company valuations may be substantial and may not be temporary in nature. Therefore, our portfolio companies may face considerably more risk of loss than companies in other industry sectors.

Because of rapid technological change, the average selling prices of products and some services provided by technology-related companies have historically decreased over their productive lives. As a result, the average selling prices of products and services offered by technology-related companies may decrease over time, which could adversely affect their operating results, their ability to meet obligations under their debt securities and the value of their equity securities. This could, in turn, materially adversely affect our business, financial condition and results of operations.

We may invest in technology-related companies that do not have venture capital or private equity firms as equity investors, and these companies may entail a higher risk of loss than companies with institutional equity investors, which could increase the risk of loss of your investment.

Our portfolio companies will often require substantial additional equity financing to satisfy their continuing working capital and other cash requirements and in most instances to service the interest and principal payments on our investment. Portfolio companies that do not have venture capital or private equity investors may be unable to raise any additional capital to satisfy their obligations or raise sufficient additional capital to reach the next stage of development. Portfolio companies that do not have venture capital or private equity investors may be less financially sophisticated and may not have access to independent members to serve on their boards, which means they may be less successful than portfolio companies sponsored by venture capital or private equity firms. Accordingly, financing these types of companies may entail a higher risk of loss than financing companies that are sponsored by venture capital or private equity firms.

Economic recessions or downturns could impair our portfolio companies' ability to repay our loans, increase our non-performing assets, decrease the value of our portfolio, reduce our volume of new loans and harm our operating results, which may have an adverse effect on our results of operations.

Many of our portfolio companies may be susceptible to economic slowdowns or recessions and may be unable to repay our loans during these periods. Therefore, our non-performing assets are likely to increase and the value of our portfolio is likely to decrease during these periods. Adverse economic conditions also may decrease the value of collateral securing some of our loans and the value of our equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize the portfolio company's ability to meet its obligations under the debt securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company. In addition, if a portfolio company goes bankrupt, even though we may have structured our investment as senior debt or secured debt, depending on the facts and circumstances, including the extent to which we actually provided significant "managerial assistance," if any, to that portfolio company, a bankruptcy court might recharacterize our debt holding and subordinate all or a portion of our claim to that of other creditors. These events could harm our financial condition and operating results.

The inability of our portfolio companies to commercialize their technologies or create or develop commercially viable products or businesses would have a negative impact on our investment returns.

The possibility that our portfolio companies will not be able to commercialize their technology, products or business concepts presents significant risks to the value of our investment. Additionally, although some of our portfolio companies may already have a commercially successful product or product line when we invest, technology-related products and services often have a more limited market or life span than products in other industries. Thus, the ultimate success of these companies often depends on their ability to continually innovate in increasingly competitive markets. Their inability to do so could affect our investment returns. In addition, the intellectual property held by our portfolio companies often represents a substantial portion of the collateral, if any, securing our investments. We cannot assure you that any of our portfolio companies will successfully acquire or develop any new technologies, or that the intellectual property they currently hold will remain viable. Even if our portfolio companies are able to develop commercially viable products, the market for new products and services is highly competitive and rapidly changing. Neither our portfolio companies nor we have any control over the pace of technology development. Commercial success is difficult to predict, and the marketing efforts of our portfolio companies may not be successful.

An investment strategy focused primarily on privately-held companies presents certain challenges, including the lack of available information about these companies, a dependence on the talents and efforts of only a few key portfolio company personnel and a greater vulnerability to economic downturns.

We invest primarily in privately-held companies. Generally, very little public information exists about these companies, and we are required to rely on the ability of the members of our management team to obtain adequate information to evaluate the potential returns from investing in these companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and we may lose money on our investments. Also, privately-held companies frequently have less diverse product lines and a smaller market presence than larger competitors. They are thus generally more vulnerable to economic downturns and may experience substantial variations in operating results. These factors could affect our investment returns.

In addition, our success depends, in large part, upon the abilities of the key management personnel of our portfolio companies, who are responsible for the day-to-day operations of our portfolio companies. Competition for qualified personnel is intense at any stage of a company's development, and high turnover of personnel is common in technology-related companies. The loss of one or more key managers can hinder or delay a company's implementation of its business plan and harm its financial condition. Our portfolio companies may not be able to attract and retain qualified managers and personnel. Any inability to do so may negatively impact our investment returns.

If our portfolio companies are unable to protect their intellectual property rights, our business and prospects could be harmed, and if portfolio companies are required to devote significant resources to protecting their intellectual property rights, the value of our investment could be reduced.

Our future success and competitive position depend in part upon the ability of our portfolio companies to obtain and maintain proprietary technology used in their products and services, which will often represent a significant portion of the collateral, if any, securing our investment. They will rely, in part, on patent, trade secret and trademark law to protect that technology, but competitors may misappropriate their intellectual property, and disputes as to ownership of intellectual property may arise. Portfolio companies may, from time to time, be required to institute litigation in order to enforce their patents, copyrights or other intellectual property rights, to protect their trade secrets, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement. Such litigation could result in substantial costs and diversion of resources. Similarly, if a portfolio company is found to infringe or misappropriate a third party's patent or other proprietary rights, it could be required to pay damages to such third party, alter its products or processes, obtain a license from the third party and/or cease activities utilizing such proprietary rights, including making or selling products

utilizing such proprietary rights. Any of the foregoing events could negatively affect both the portfolio company's ability to service our debt investment and the value of any related debt and equity securities that we own, as well as any collateral securing our investment.

Some of our portfolio companies may need additional capital, which may not be readily available.

Our portfolio companies will often require substantial additional equity financing to satisfy their continuing working capital and other requirements and in most instances to service the interest and principal payments on our investment. Each round of venture financing is typically intended to provide a company with only enough capital to reach the next stage of development. We cannot predict the circumstances or market conditions under which our portfolio companies will seek additional capital. It is possible that one or more of our portfolio companies will not be able to raise additional financing or may be able to do so only at a price or on terms unfavorable to us, either of which would negatively impact our investment returns. Some of these companies may be unable to obtain sufficient financing from private investors, public capital markets, or from traditional lenders. Accordingly, financing these types of companies may entail a higher risk of loss than financing companies that are able to utilize traditional credit sources.

If our investments do not meet our performance expectations, you may not receive distributions.

We intend to make distributions on a quarterly basis to our stockholders following our election to be treated as a RIC under the Code on or prior to January 1, 2006. We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, due to the asset coverage test applicable to us as a business development company, we may be limited in our ability to make distributions. See "Regulation." Also, restrictions and provisions in any future credit facilities may limit our ability to make distributions. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including failure to obtain, or possible loss of, the federal income tax benefits allowable to RICs. See "Certain United States Federal Income Tax Considerations—Taxation as a Regulated Investment Company." We cannot assure you that you will receive distributions at a particular level or at all.

Any unrealized depreciation we experience on our loan portfolio may be an indication of future realized losses, which could reduce our income available for distribution.

As a business development company, we are required to carry our investments at market value or, if no market value is ascertainable, at the fair value as determined in good faith by our board of directors. Decreases in the market values or fair values of our investments will be recorded as unrealized depreciation. Any unrealized depreciation in our loan portfolio could be an indication of a portfolio company's inability to meet its repayment obligations to us with respect to the affected loans. This could result in realized losses in the future and ultimately in reductions of our income available for distribution in future periods.

The lack of liquidity in our investments may adversely affect our business, and if we need to sell any of our investments, we may not be able to do so at a favorable price. As a result, we may suffer losses.

We generally invest in debt securities with terms of up to seven years and hold such investments until maturity, and we do not expect that our related holdings of equity securities will provide us with liquidity opportunities in the near-term. We expect to invest in companies whose securities are not publicly traded, and whose securities will be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly-traded securities. The illiquidity of these investments may make it difficult for us to sell these investments when desired. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we had previously recorded these investments. As a result, we do not expect to achieve liquidity in our investments in the near-term. However, to maintain our qualification as a business development company and as a RIC, we may have to dispose of investments if we do not satisfy

one or more of the applicable criteria under the respective regulatory frameworks. Our investments are usually subject to contractual or legal restrictions on resale or are otherwise illiquid because there is usually no established trading market for such investments. The illiquidity of most of our investments may make it difficult for us to dispose of them at a favorable price, and, as a result, we may suffer losses.

If the assets securing the loans we make decrease in value, we may not have sufficient collateral to cover losses.

We believe our portfolio companies generally will be able to repay our loans from their available capital, from future capital-raising transactions or from cash flow from operations. However, to attempt to mitigate our credit risks, we will typically take a security interest in the available assets of these portfolio companies, including the equity interests of their subsidiaries and, in some cases, the equity interests of our portfolio companies held by their stockholders. In many cases our loans will include a period of interest-only payments. There is a risk that the collateral securing our loans may decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital, and, in some circumstances, our lien could be subordinated to claims of other creditors. In addition, a deterioration in a portfolio company's financial condition and prospects, including its inability to raise additional capital, may be accompanied by a deterioration in the value of the collateral for the loan. Moreover, in the case of some of our structured mezzanine debt, we may not have a first lien position on the collateral. Consequently, the fact that a loan is secured does not guarantee that we will receive principal and interest payments according to the loan's terms or that we will be able to collect on the loan should we be forced to enforce our remedies. In addition, because we invest in technology-related companies, a substantial portion of the assets securing our investment may be in the form of intellectual property, if any, inventory and equipment and, to a lesser extent, cash and accounts receivable. Intellectual property, if any, that is securing our loan could lose value if, among other things, the company's rights to the intellectual property are challenged or if the company's license to the intellectual property is revoked or expires. Inventory may not be adequate to secure our loan if our valuation of the inventory at the time we made the loan was not accurate or if there is a reduction in the demand for the inventory. Similarly, any equipment securing our loan may not provide us with the anticipated security if there are changes in technology or advances in new equipment that render the particular equipment obsolete or of limited value or if the company fails to adequately maintain or repair the equipment. Any one or more of the preceding factors could materially impair our ability to recover principal in a foreclosure.

Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies.

We invest primarily in debt securities issued by our portfolio companies. In some cases portfolio companies will be permitted to have other debt that ranks equally with, or senior to, the debt securities in which we invest. By their terms, such debt instruments may provide that the holders thereof are entitled to receive payment of interest or principal on or before the dates on which we are entitled to receive payments in respect of the debt securities in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution in respect of our investment. After repaying such senior creditors, such portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with debt securities in which we invest, we would have to share on a pari passu basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy. In addition, we will not be in a position to control any portfolio company by investing in its debt securities. As a result, we are subject to the risk that a portfolio company in which we invest may make business decisions with which we disagree and the management of such companies, as representatives of the holders of their common equity, may take risks or otherwise act in ways that do not best serve our interests as debt investors.

Our equity investments are highly speculative, and we may not realize gains from these investments. If our equity investments do not generate gains, the return on our invested capital will be lower, which could result in a decline in the value of shares of our common stock.

When we invest in debt securities, we generally expect to acquire warrants or other equity securities as well. Our goal is ultimately to dispose of these equity interests and realize gains upon our disposition of such interests. Over time, the gains that we realize on these equity interests may offset, to some extent, losses we experience on defaults under debt securities that we hold. However, the equity interests we receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience.

Risks Related to this Offering

Our common stock price may be volatile and may decrease substantially.

The trading price of our common stock following this offering may fluctuate substantially. The price of the common stock that will prevail in the market after this offering may be higher or lower than the price you pay and the liquidity of our common stock may be limited, in each case depending on many factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include the following:

- price and volume fluctuations in the overall stock market from time to time;
- significant volatility in the market price and trading volume of securities of RICs, business development companies or other financial services companies;
- our inability to deploy or invest our capital;
- fluctuations in interest rates;
- any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;
- operating performance of companies comparable to us;
- changes in regulatory policies or tax guidelines with respect to RICs or business development companies;
- not electing or losing RIC status;
- actual or anticipated changes in our earnings or fluctuations in our operating results or changes in the expectations of securities analysts;
- changes in the value of our portfolio of investments;
- general economic conditions and trends; or
- departures of key personnel.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. Due to the potential volatility of our stock price, we may therefore be the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management's attention and resources from our business.

Investing in shares of our common stock may involve an above average degree of risk.

The investments we make in accordance with our investment objective may result in a higher amount of risk, volatility or loss of principal than alternative investment options. Our investments in portfolio companies may be highly speculative and aggressive, and therefore, an investment in our common stock may not be suitable for investors with lower risk tolerance.

Prior to this offering, there has been no public market for our common stock, and we cannot assure you that the market price of shares of our common stock will not decline following the offering.

Before this offering, there was no public trading market for our common stock, and we cannot assure you that one will develop or be sustained after this offering. We cannot predict the prices at which our common stock will trade. The initial public offering price for our common stock will be determined through our negotiations with the underwriters and may not bear any relationship to the market price at which it will trade after this offering or to any other established criteria of our value. Shares of companies offered in an initial public offering often trade at a discount to the initial offering price due to sales loads, underwriting discounts and related offering expenses. In addition, shares of closed-end investment companies have in the past frequently traded at discounts to their net asset values and our stock may also be discounted in the market. This characteristic of closed-end investment companies is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether shares of our common stock will trade above, at or below our net asset value. The risk of loss associated with this characteristic of closed-end investment companies may be greater for investors expecting to sell shares of common stock purchased in this offering soon after the offering. In addition, if our common stock trades below its net asset value, we will generally not be able to issue additional shares of our common stock at its market price without first obtaining the approval of our stockholder and our independent directors to such issuance.

Provisions of the Maryland General Corporation Law and our charter and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.

The Maryland General Corporation Law and our charter and bylaws contain provisions that may have the effect of discouraging, delaying or making difficult a change in control of our company or the removal of our incumbent directors. We will be covered by the Business Combination Act of the Maryland General Corporation Law to the extent that such statute is not superseded by applicable requirements of the 1940 Act. However, our board of directors has adopted a resolution exempting from the Business Combination Act any business combination between us and any person to the extent that such business combination receives the prior approval of our board, including a majority of our directors who are not interested persons as defined in the 1940 Act. Our board of directors has already adopted a resolution exempting from the Business Combination Act any business combination between us and certain investment funds managed by JMP Asset Management LLC and certain investment funds managed by Farallon Capital Management, L.L.C., and we have agreed with such investment funds that we will not alter or repeal such board resolution prior to the date that is two years after such investment funds cease to own at least 10% of our outstanding common stock in a manner that would make the Business Combination Act applicable to acquisitions of our stock by such investment funds without the written consent of such investment funds. In addition, our bylaws contain a provision exempting from the Control Share Acquisition Act any and all acquisitions by any person of shares of our stock. We have agreed with certain investment funds managed by JMP Asset Management LLC and certain investment funds managed by Farallon Capital Management, L.L.C. that we will not repeal or amend such provision of our bylaws in a manner that would make the Control Share Acquisition Act applicable to acquisitions of our stock by such investment funds without the written consent of such investment funds prior to the date that is two years after such investment funds cease to own at least 10% of our outstanding common stock. If the applicable board resolution is repealed following such period of time or our board does not otherwise approve a business combination, the Business Combination Act and the Control Share Acquisition Act (if we amend our bylaws to be subject to that Act) may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

Under our charter, our board of directors is divided into three classes serving staggered terms, which will make it more difficult for a hostile bidder to acquire control of us. In addition, our board of directors may, without stockholder action, authorize the issuance of shares of stock in one or more classes or series, including preferred stock. See "Description of Capital Stock." Subject to compliance with the 1940 Act, our board of directors may, without stockholder action, amend our charter to increase the number of shares of stock of any class or series that we have authority to issue. The existence of these provisions, among others, may have a negative impact on the price of our common stock and may discourage third party bids for ownership of our company. These provisions may prevent any premiums being offered to you for shares of our common stock.

If a substantial number of shares becomes available for sale and are sold in a short period of time, the market price of our common stock could decline.

If our stockholders sell substantial amounts of our common stock in the public market following this offering, the market price of our common stock could decrease. Upon completion of this offering we will have 9,801,965 shares of common stock outstanding. Of these shares, the 6,000,000 shares sold in this offering will be freely tradeable. We and our executive officers and directors will be subject to agreements with the underwriters that restrict our and their ability to transfer our stock for a period of 180 days from the date of this prospectus, and our other current stockholders will be subject to agreements that restrict their ability to transfer our stock for a period of 120 days from the date of this offering, subject to limited exceptions, including our filing of a registration statement, as described below. For a detailed description of these agreements, see "Underwriting." After the lock-up agreements expire, an aggregate of 3,320,731 additional shares of our common stock will be eligible for sale in the public market in accordance with Rule 144 under the Securities Act. In addition, in connection with our June 2004 private offering, we entered into a registration rights agreement pursuant to which we have agreed to use our best efforts to file a shelf registration statement within 30 days of the completion of this offering to cover resales of the shares of common stock and warrants purchased in the June 2004 offering. For a more detailed description of the registration rights agreement, see "Description of Capital Stock—Registration Rights." We must also use our best efforts to have the shelf registration declared effective within 90 days of its initial filing with the SEC, after which approximately 3,480,000 additional shares of our common stock and approximately 584,000 warrants (as well as the common stock underlying such warrants) would be eligible for sale in the public market. For a detailed discussion of the shares eligible for future sale, see "Shares Eligible for Future Sale."

If you purchase shares of common stock sold in this offering, you will experience immediate dilution.

If you purchase shares of our common stock in this offering, you will experience immediate dilution of $2.37 per share (based on the midpoint of the range set forth on the cover of this prospectus) because the price that you pay will be greater than the pro forma net asset value per share of the shares you acquire. This dilution is in large part due to the expenses incurred by us in connection with the consummation of this offering and the fact that our earlier investors paid, on average, less than the initial public offering price per share when they purchased their shares. You will experience additional dilution upon the exercise of stock options to purchase common stock by our employees and directors under our stock option plan and upon the exercise of outstanding warrants.

FORWARD-LOOKING STATEMENTS; MARKET DATA

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

- 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;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- the ability of our portfolio companies to achieve their objectives;
- our expected financings and investments;
- our regulatory structure and tax status;
- our ability to operate as a business development company and a regulated investment company;
- the adequacy of our cash resources and working capital; and
- the timing of cash flows, if any, from the operations of our portfolio companies.

For a discussion of factors that could cause our actual results to differ from forward-looking statements contained in this prospectus, please see the discussion under "Risk Factors". You should not place undue reliance on these forward-looking statements. The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statement to reflect events or circumstances occurring after the date of this prospectus.

This prospectus contains third-party estimates and data regarding valuations of venture capital-backed companies. These data were reported by Dow Jones, VentureOne, an independent venture capital industry research company which we refer to as VentureOne, in releases entitled "4Q '03 Venture Capital Investment Increases," dated January 26, 2004, "Venture-Backed Valuations Decline in 4Q '03," dated March 1, 2004, "Equity Financings for U.S. Venture-Backed Companies by Industry Group (1998-Q42004)," dated January 21, 2005, "Venture Capital Market Q4 '04" dated March 18, 2005 and "1Q '05 Financing Preview" dated April 25, 2005, along with attached data tables. VentureOne is commonly relied upon as an information source in the venture capital industry. Although we have not independently verified any such data, we believe that the industry information contained in such releases and data tables and included in this prospectus is reliable.

Certain industry estimates presented in this prospectus have been compiled by us from internally generated information and data, which, while believed by us to be reliable, have not been verified by any independent sources. These 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. The failure of this market to grow at projected rates could have a material adverse effect on our business and the market price of our common stock.

ELECTION TO BE REGULATED AS A B USINESS DEVELOPMENT COMPANY AND A REGULATED INVESTMENT COMPANY

Since our incorporation, we have been taxed as a corporation under Subchapter C of the Code. We have elected to be regulated as a business development company under the 1940 Act. In addition, we intend to elect to be treated as a RIC under Subchapter M of the Code on or prior to January 1, 2006.

We were initially capitalized in February 2004 and in June 2004 we completed a private placement of 904,635 units at a price of $30.00 per unit, raising an aggregate of approximately $23.9 million in net proceeds. Each such unit consisted of two shares of our common stock, one warrant to purchase one share of our common stock with up to a 1-year term and one warrant to purchase one share of our common stock with a 5-year term. We paid a placement fee to JMP Securities LLC, the initial purchaser in such private placement, of $2.10 per unit.

In January 2005, investment funds managed by JMP Asset Management LLC completed the purchase of 72,000 units at a price of $30.00 per unit, less a placement fee of $2.10 per unit pursuant to an option granted to JMP Asset Management LLC in connection with our June 2004 private offering. In addition, in January 2005 Mr. Henriquez, our Chief Executive Officer, and Mr. Howard, our Senior Managing Director, purchased the equivalent of 40,000 units and 13,500 units, respectively, and four other employees purchased an aggregate of 8,567 units, in each case at a price of $30.00 per unit. In connection with such transactions, we raised an aggregate of approximately $3.9 million in net proceeds. In addition, 1-year warrants to purchase 1,175,963 shares of our common stock were exercised in February 2005, generating proceeds to us of approximately $12.4 million.

Our election to be regulated as a business development company and our election to be treated as a RIC will require certain actions and effect a number of changes to our activities and policies.

We will report our investments at market value or fair value with changes in value reported through our statement of operations.

In accordance with the requirements of Article 6 of Regulation S-X, we will report all of our investments, including loans, at market value or for investments that do not have a readily available market value, their "fair value" determined by our board of directors, with changes in these values reported through our consolidated statement of operations under the caption of "unrealized appreciation (depreciation) on investments." See "Determination of Net Asset Value."

Our income tax expense should be reduced or eliminated.

We intend to elect to be treated as a RIC under Subchapter M of the Code on or prior to January 1, 2006. This election should reduce or eliminate the federal corporate-level income tax we will be required to pay after such election. So long as we meet certain minimum distribution, source-of-income and asset diversification requirements, we generally should be required to pay income taxes only on the portion of our taxable income we do not distribute (actually or constructively) and certain built-in gains. From the completion of this offering through the end of our current tax year, we will continue to be taxed as a corporation under Subchapter C of the Code. However, any capital gains we recognize after this offering and prior to our election to be taxed as a RIC will, when distributed to you, be taxed as ordinary income and not as capital gains, as would have been the case had we been taxed as a RIC as of the date of this offering. Our current tax year will end on December 31, 2005 unless we adopt a fiscal tax year ending before that date in order to elect to be treated as a RIC prior to January 1, 2006.

Change in Dividend Policy.

As a corporation taxed under Subchapter C of the Code, we have not made distributions to our stockholders, but have instead retained all of our income, including capital gains. Following our election to be treated as a RIC

under the Code, we intend to distribute to our stockholders all or substantially all of our income, except for certain realized net long-term capital gains. In addition, prior to the end of our first tax year as a RIC, we will be required to make a distribution to our stockholders equal to the amount of any earnings and profits from the period prior to our RIC election. We intend to make deemed distributions to our stockholders of any retained net long-term capital gains. If this happens, you will be treated as if you received an actual distribution of the capital gains and reinvested the net after-tax proceeds in us. You also may be eligible to claim a tax credit (or, in certain circumstances, a tax refund) equal to your allocable share of the tax we pay on the deemed distribution.

Changes to Warrants.

Under the 1940 Act, a business development company is subject to restrictions on the amount of warrants, options or rights to purchase shares of capital stock that it may have outstanding at any time. In particular, the amount of capital stock that would result from the conversion or exercise of all outstanding warrants, options or rights to purchase capital stock cannot exceed 25% of the business development company's total outstanding shares of capital stock. This amount is reduced to 20% of the business development company's total outstanding shares of capital stock if the amount of warrants, options or rights issued pursuant to an executive compensation plan would exceed 15% of the business development company's total outstanding shares of capital stock. The following steps were taken in accordance with the terms of our outstanding warrants in order to comply with this requirement:

- Pursuant to terms of our outstanding warrants, the expiration date of all of our outstanding 1-year common stock warrants was accelerated to the date immediately prior to our filing of an election with the SEC to be regulated as a business development company under the 1940 Act.
- As a result of the acceleration of the expiration date of the 1-year warrants, the exercise price of all 1-year warrants and 5-year warrants was adjusted on January 14, 2005 to $10.57 per share, the net asset value per share of our common stock on the date of determination as adjusted in accordance with the terms of the warrants based on an estimate of cancellation of 5-year warrants in connection with our election to be regulated as a business development company.
- 1-year warrants to purchase 1,175,963 shares of our common stock were exercised generating proceeds to us of approximately $12.4 million and 94,457 then outstanding 1-year warrants that remained unexercised at the close of business on February 21, 2005 expired by their terms.
- Immediately prior to filing our business development company election with the SEC, 5-year warrants to purchase 597,196 shares of our common stock were cancelled and simultaneously with such cancellation, we issued to the holders of such 5-year warrants one share of our common stock for every two 5-year warrants so cancelled.

Exemptive Relief.

In connection with this offering, we expect to file a request with the SEC for exemptive relief to allow us to take certain actions that would otherwise be prohibited by the 1940 Act, as applicable to business development companies. Specifically, although we cannot provide any assurance that we will receive any such exemptive relief, we expect to request that the SEC permit us to issue stock options to our non-employee directors as contemplated by the 1940 Act. For more information, see "Management—2004 Equity Incentive Plan." In addition, we expect to seek exemptive relief from the SEC to allow us to exclude the indebtedness that our wholly-owned subsidiary, Hercules Technology II, L.P., which is seeking to be qualified as a small business investment company, issues to the Small Business Administration from the 200% asset coverage requirements applicable to us. On May 3, 2005, Hercules Technology II, L.P. filed an application with the Small Business Administration to become licensed as a small business investment company. We may also request exemptive relief to permit us to grant dividend equivalent right to our optionholders and restricted stock awards to our officers and employees. We cannot provide any assurance that we will receive such exemptive relief.

USE OF PROCEEDS

We estimate that the net proceeds of this offering will be approximately $82.4 million ($94.9 million if the underwriters exercise the over-allotment option in full), after deducting the sales load and estimated offering expenses of $1.3 million payable by us, in each case assuming an initial public offering price of $15.00 per share (the mid-point of the estimated initial public offering price range set forth on the cover page of this prospectus). We plan to use approximately $25.5 million of the net proceeds of this offering to repay all amounts outstanding, including the maturity fee, under our bridge loan facility with an affiliate of Farallon Capital Management, L.L.C. and to fund our unfunded contractual commitments to our portfolio companies. See "Business—General."

We intend to use the remainder of the net proceeds to invest in portfolio companies in accordance with our investment objective and strategy described in this prospectus and to pay our operating expenses. See "Business—General." We estimate that it will take approximately nine to 12 months for us to invest the remainder of the net proceeds of this offering consistent with our investment objective, depending on the availability of attractive investment opportunities and market conditions. The 1940 Act requires us to use the net proceeds within two years of the completion of this offering, and we believe we will be able to do so in that time frame. Pending the uses described above, including investment in accordance with our investment strategy, we intend to invest the net proceeds of this offering 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 objective may be limited to the extent that the net proceeds of this offering, pending full investment, are held in time deposits and other short-term instruments.

On April 12, 2005, we entered into a bridge loan credit facility with Alcmene Funding, L.L.C., a special purpose vehicle that is an affiliate of Farallon Capital Management, L.L.C. The bridge loan facility consists of a $25 million senior secured first lien term loan, plus up to an additional $25 million of discretionary supplemental senior secured first lien term loans. Borrowings under the bridge loan credit facility bear interest at 8.0% per annum through October 12, 2005, and if we elect to extend the maturity date of the bridge loan credit facility beyond the initial six-month term, borrowings will bear interest at 11.5% per annum during any such extension period. In addition, we paid an upfront fee of $500,000 at the time of our initial draw down under the facility and will be obligated to pay a maturity fee of $500,000 upon repayment of the bridge loan credit facility, whether upon maturity or upon earlier repayment. We will also be required to pay an extension fee equal to 1% of the then-outstanding principal balance under the facility if we choose to extend the maturity date beyond October 12, 2005. As of April 30, 2005 we had approximately $25.0 million outstanding under the bridge loan credit facility and no accrued interest.

DISTRIBUTIONS

We intend to distribute quarterly dividends to our stockholders following our election to be taxed as a RIC, which we expect to occur on or prior to January 1, 2006. In order to avoid certain excise taxes imposed on RICs, we currently intend to distribute during each calendar year an amount at least equal to the sum of (1) 98% of our ordinary income for the calendar year, (2) 98% of our capital gains in excess of capital losses for the one year period ending on October 31 of the calendar year, and (3) any ordinary income and net capital gains for the preceding year that were not distributed during such year. We will not be subject to excise taxes on amounts on which we are required to pay corporate income tax (such as retained net capital gains). In order to obtain the tax benefits applicable to RICs, we will be required to distribute to our stockholders with respect to each taxable year at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses. We currently intend to retain for investment realized net long-term capital gains in excess of realized net short-term capital losses. We generally intend to make deemed distributions to our stockholders of any retained net capital gains. If this happens, you will be treated as if you received an actual distribution of the capital gains we retain and then reinvested the net after-tax proceeds in our common stock. You also may be eligible to claim a tax credit (or, in certain circumstances, a tax refund) equal to your allocable share of the tax we paid on the capital gains deemed distributed to you. Please refer to "Certain United States Federal Income Tax Considerations" for further information regarding the consequences of our retention of net capital gains. We may, in the future, make actual distributions to our stockholders of some or all realized net long-term capital gains in excess of realized net short-term capital losses. 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. See "Regulation."

We maintain an "opt out" dividend reinvestment plan for our common stockholders. As a result, if we declare a dividend, cash dividends will be automatically reinvested in additional shares of our common stock unless the stockholder specifically "opts out" of the dividend reinvestment plan and chooses to receive cash dividends. See "Dividend Reinvestment Plan."

CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2005;

- on an actual basis;
- on an as adjusted basis to give effect to our amended and restated charter and our sale of common stock in this offering at an assumed initial public offering price of $15.00 per share (the mid-point of the estimated public offering price range set forth on the cover page of this prospectus) and the application of the estimated net proceeds that we expect to receive from our sale of common stock in this offering as described under "Use of Proceeds."

This table should be read together with "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	March 31, 2005	
	Actual	As Adjusted(1)
	(in thousands)	
Stockholders' equity:		
Common stock, par value $0.001 per share; 25,000,000 shares authorized; 3,801,965 shares issued and outstanding, actual; and 30,000,000 authorized; 9,801,965 shares issued and outstanding, as adjusted	$ 4	$ 10
Additional paid-in capital	43,440	125,809
Retained deficit	(2,009)	(2,009)
Total stockholders' equity	$41,435	$ 123,810

(1) Excludes 900,000 shares of common stock that may be issued pursuant to the underwriters' over-allotment option.

DILUTION

Our net asset value as of March 31, 2005 was approximately $41.4 million, or $10.90 per share of our common stock. Net asset value per share represents the amount of our total assets minus our total liabilities, divided by the 3,801,965 shares of our common stock that were outstanding on March 31, 2005.

After giving effect to the sale of 6,000,000 shares of our common stock in this offering assuming an initial public offering price of $15.00 per share (the mid-point of the estimated initial public offering price range set forth on the cover page of this prospectus) and after deducting the sales load and estimated offering expenses payable by us, our net asset value as of March 31, 2005 would have been approximately $123.8 million, or $12.63 per share. This represents an immediate increase in net asset value of $1.73 per share to our existing stockholders and an immediate dilution of $2.37 per share to new investors who purchase our common stock in the offering at the assumed initial public offering price. The following table shows this immediate per share dilution:

Assumed initial public offering price per share		$ 15.00
Net asset value per share as of March 31, 2005, before giving effect to this offering	$ 10.90	
Increase in net asset value per share attributable to new investors in this offering	$ 1.73	
Net asset value per share after this offering		$ 12.63
Dilution per share to new investors		$ 2.37

The following table summarizes, as of March 31, 2005, the number of shares of common stock purchased from us, the total consideration paid to us and the average price per share paid by existing stockholders and to be paid by new investors purchasing shares of common stock in this offering, assuming an initial public offering price of $15.00 per share (the mid-point of the estimated initial public offering price range set forth on the cover page of this prospectus) before deducting the sales load and estimated offering expenses payable by us.

	Common Stock Purchased		Total Consideration		
	Number	Percent	Amount	Percent	Average Price Per Share
Existing stockholders	3,801,965	38.8%	$ 45,664,810	33.7%	$ 12.01
New investors	6,000,000	61.2	90,000,000	66.3	$ 15.00
Total	9,801,965	100%	$135,664,810	100%	

To the extent the underwriters' over-allotment option is exercised, or any outstanding options are exercised, there will be further dilution to new investors.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our financial statements and related notes and other financial information appearing elsewhere in this prospectus. In addition to historical information, the following discussion and other parts of this prospectus contain forward-looking information that involve 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," "Forward-Looking Statements; Market Data" and elsewhere in this prospectus.

Overview

We are a specialty finance company that provides debt and equity growth capital to technology-related companies at all stages of development. Our investment objective is to maximize our portfolio's total return by generating current income from our debt investments and capital appreciation from our equity-related investments. We primarily finance privately-held companies backed by leading venture capital and private equity firms and may also finance certain publicly-traded companies.

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," including securities of private U.S. companies, cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less.

Since our incorporation, we have been taxed as a corporation under Subchapter C of the Code. On or prior to January 1, 2006, we intend to elect to be treated as a RIC under Subchapter M of the Code. To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements. Pursuant to these elections, we generally will not have to pay corporate-level taxes on any income that we distribute to our stockholders.

Portfolio and Investment Activity

We commenced investment operations in September 2004 and through April 30, 2005 we had entered into binding agreements to invest approximately $67.8 million in structured mezzanine debt. As of March 31, 2005, our investment portfolio included structured mezzanine debt investments in nine portfolio companies representing approximately $32.6 million of invested capital and additional unfunded contractual commitments of $9.0 million to these portfolio companies. As of April 30, 2005, our investment portfolio included structured mezzanine debt investments in 12 portfolio companies representing $47.3 million of invested capital and additional unfunded contractual commitments of $20.5 million to these portfolio companies.

In addition, as of May 10, 2005, we had extended non-binding term sheets to eight prospective new portfolio companies representing approximately $74 million of structured mezzanine debt investments. These investments are subject to finalization of our due diligence and approval process as well as negotiation of definitive agreements with the prospective portfolio company and, as a result, may not result in completed investments.

At March 31, 2005, the weighted average yield to maturity of our loan obligations was approximately 14.2%. Yields to maturity are computed using interest rates as of March 31, 2005 and include amortization of loan facility fees, original issue discount, commitment fees and market premium or discount over the expected life of the debt investment, weighted by their respective costs when averaged and are based on the assumption that all contractual loan commitments have been fully funded.

We generate revenue in the form of interest income on debt securities and capital gains, if any, on warrants or other equity-related securities that we acquire from our portfolio companies. In addition, we generate revenue in the form of commitment and facility fees and, to a lesser extent, due diligence fees. Any such fees will be generated in connection with our investments and recognized as earned or, in some cases, recognized over the life of the loan. Our investments will generally range from $1.0 million to $20.0 million, with an average initial principal balance of between $2.0 million and $7.0 million. Our debt investments will have a term of between two and seven years and typically bear interest at a rate ranging from 8.0% to 14.0%. In addition to the cash yields received on our loans, in some instances, our loans may also include any of the following: end of term payments, exit fees, balloon payment fees or prepayment fees, which may be required to be included in income prior to receipt. In some cases we collateralize our investments by obtaining security interests in our portfolio companies' assets, which may include their intellectual property. In other cases we may obtain a negative pledge covering a company's intellectual property. Interest on debt securities is generally payable monthly or quarterly, with amortization of principal typically occurring over the term of the security for emerging-growth and expansion-stage companies. Loans to established companies may include little to no amortization and generally represent long term facilities with up to seven years to maturity. In addition, most loans may also include an interest only period ranging from three to 18 months. In limited instances where 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 generally become due at the maturity date.

Results of Operations

We commenced operations on February 2, 2004, but did not commence investment operations until September 2004 and as a result, there is no period with which to compare our results of operations for the period from February 2, 2004 (commencement of operations) through December 31, 2004 or the fiscal quarter ended March 31, 2005.

For the Period from February 2, 2004 (commencement of operations) through December 31, 2004

For the period from February 2, 2004 through December 31, 2004, interest income totaled approximately $214,000.

Operating expenses during the period from February 2, 2004 through December 31, 2004 totaled approximately $2,256,000. This amount consisted mainly of employee compensation of approximately $1,165,000 and a non-cash stock option expense of $680,000 under FAS 123 related to options and warrants granted in connection with our June 2004 private offering and options granted to employees in December 2004, as well as other general and administrative expenses.

For the period from February 2, 2004 through December 31, 2004, the decrease in net assets resulting from operations was approximately $2,042,000, which included $680,000 in non-cash stock option expenses.

For the fiscal quarter ended March 31, 2005

For the fiscal quarter ended March 31, 2005, interest income totaled approximately $754,000. We expect to generate additional interest income as we continue to invest the net proceeds from our bridge loan facility and this offering in technology-related companies.

Operating expenses during the fiscal quarter ended March 31, 2005 totaled approximately $722,000. This amount consisted mainly of approximately $495,000 of employee compensation and approximately $199,000 of general administrative expenses.

For the fiscal quarter ended March 31, 2005, the increase in net assets resulting from operations was approximately $32,000.

Financial Condition, Liquidity and Capital Resources

We were initially capitalized with approximately $2.6 million in proceeds from the sale of preferred stock in February 2004. In June 2004, we completed an additional private offering of 904,635 units at a price of $30.00 per unit. Each unit consisted of two shares of our common stock and two warrants to purchase one share of our common stock at a price of $15.00 per share. All of our then outstanding preferred stock was exchanged for units immediately prior to the closing of our private offering in June 2004. We received approximately $23.9 million in total net proceeds from the June 2004 offering, net of placement fees and other offering and organizational expenses. In February 2005, 1-year warrants to purchase 1,175,963 shares of our common stock were exercised generating proceeds to us of approximately $12.4 million.

We intend to generate cash primarily from the net proceeds of this offering and from future borrowings as well as cash flows from operations, including income earned from investments in our portfolio companies and, to a lesser extent, the temporary investment of cash in U.S. government securities and other high-quality debt investments that mature in one year or less. Our primary use of funds will be investments in portfolio companies and cash distributions to holders of our common stock. After we have used the net proceeds of this offering, we expect to raise additional capital to support our future growth through future equity offerings, issuances of senior securities or future borrowings, to the extent permitted by the 1940 Act.

We expect in the normal course of business to have unfunded commitments to extend credit. Unfunded commitments to provide funds to portfolio companies will not be reflected on our balance sheet. Our unfunded commitments may be significant from time to time. As of March 31, 2005, we had unfunded commitments of approximately $9.0 million. These commitments will be subject to the same underwriting and ongoing portfolio maintenance as the on-balance sheet financial instruments that we hold. As of May 10, 2005 we had extended non-binding term sheets to eight prospective new portfolio companies representing approximately $74.0 million of structured mezzanine debt investments. These investments are subject to the finalization of our due diligence and approval process as well as the negotiation of definitive agreements with the prospective portfolio company and, as a result, may not result in completed investments.

Borrowings

In April 2005, we entered into a bridge loan credit facility with an affiliate of Farallon Capital Management, L.L.C. providing for $25 million of available borrowings, all of which was drawn down on April 12, 2005. See “Obligations and Indebtedness.” All amounts outstanding under this credit facility will become due and payable on October 12, 2005, unless we exercise our right to extend the maturity date to April 12, 2006. We expect to repay all amounts outstanding under our bridge loan credit facility with the proceeds from this offering.

In addition, we are in discussions with a lender to enter into a warehouse financing facility, and we expect to pursue additional debt financing from the Small Business Administration under its Small Business Investment Company program. We may also seek to enter into a securitization facility following the completion of this offering. See “Obligations and Indebtedness.”

Dividends

To date, we have not paid any dividends. We intend to elect to be taxed as a RIC under Subchapter M of the Code on or prior to January 1, 2006. We intend to distribute quarterly dividends to our stockholders following our election to be treated as a RIC.

As long as we qualify as a RIC, we will not be taxed on our “investment company taxable income” or realized net capital gains, to the extent that such taxable income and gains are distributed to stockholders on a timely basis. We may be required, however, to pay federal income taxes on any unrealized net built-in gains in the assets held by us during the period in which we were not (or in which we failed to qualify as) a RIC that are

recognized within the next 10 years, unless we made a special election to pay corporate-level tax on such built-in gain at the time of our RIC election or an exception applies. See "Certain U.S. Federal Income Tax Consequences—Conversion to Regulated Investment Company Status." Annual tax distributions generally will differ from net income for the fiscal year due to temporary and permanent timing differences in the recognition of income and expenses, returns of capital and net unrealized appreciation or depreciation, which are not included in taxable income. In order to qualify as a RIC under Subchapter M of the Code, and to avoid corporate level tax on our income, we must, in general, for each taxable year, (1) have in effect at all times during the taxable year an election to be treated as a business development company; (2) derive at least 90% of our gross income from dividends, interest, gains from the sale of securities and other specified types of income; (3) meet asset diversification requirements as defined in the Code; and (4) distribute to stockholders at least 90% of our investment company taxable income as defined in the Code. In addition, prior to the end of our first tax year as a RIC, we must distribute to our stockholders all earnings and profits from periods prior to our qualification as a RIC. We intend to take all steps necessary to qualify for the federal tax benefits allowable to RICs, including distributing annually to our stockholders at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses. Unless a stockholder elects otherwise, these distributions will be reinvested in additional shares of our common stock through our dividend reinvestment plan. While we are a RIC, we generally intend to retain any realized net long-term capital gains in excess of realized net short-term capital losses and to elect to treat such net capital gain as deemed distributed to our stockholders. We may, in the future, make actual distributions to our stockholders of some or all of such net long-term capital gains. See "Certain United States Federal Income Tax Considerations—Taxation as a Regulated Investment Company" and "Dividend Reinvestment Plan." There can be no assurance that we will qualify for treatment as a RIC in any future years.

We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, we may be limited in our ability to make distributions due to (i) the asset coverage test for borrowings applicable to us as a business development company under the 1940 Act and (ii) provisions in our future credit facilities, if any. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of the federal income tax benefits allowable to a RIC. We cannot assure stockholders that they will receive any distributions or distributions at any particular level.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 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.

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

At March 31, 2005, approximately 78% of our total assets represented investments in portfolio companies recorded at fair value. Value, as defined in Section 2(a) (41) of 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. Since there is typically no readily available market value for the investments in our portfolio, we value substantially all of our investments at fair value as determined in good faith by the board of directors pursuant to a valuation policy and a consistent valuation process. Because of the inherent uncertainty of 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 the board of directors may differ significantly from the values that would have been used had a ready market existed for the investments, and the differences could be material.

There is no single standard for determining fair value in good faith. As a result, determining fair value requires that judgment be applied to the specific facts and circumstances of each portfolio investment. Unlike banks, we are not permitted to provide a general reserve for anticipated loan losses. Instead, we must determine the fair value of each individual investment on a quarterly basis. We will record unrealized depreciation on investments when we believe that an investment has decreased in value, including where collection of a loan or realization of an equity security is doubtful. Conversely, we will record unrealized appreciation if we believe that the underlying portfolio company has appreciated in value and, therefore, our investment has also appreciated in value, where appropriate.

As a business development company, we invest primarily in illiquid securities including debt and equity-related securities of private companies. Our investments are generally subject to some restrictions on resale and generally have no established trading market. Because of the type of investments that we make and the nature of our business, our valuation process requires an analysis of various factors. Our valuation methodology includes the examination of, among other things, the underlying investment performance, financial condition and market changing events that impact valuation.

With respect to private debt and equity securities, each investment is valued using industry valuation benchmarks, and where appropriate, the value is assigned a discount reflecting the illiquid nature of the investment, and for our minority, non-control position. When a qualifying external event such as a significant purchase transaction, public offering, or subsequent debt or equity sale occurs, the pricing indicated by the external event will be used to corroborate our private debt or equity valuation.

Interest Income. Interest income is recorded on the accrual basis to the extent that such amounts are expected to be collected. Loan facility fees, original issue discount, commitment fees and market premium or discount are deferred and amortized into interest income as adjustments to the related loan's yield over the contractual life of the loan. The Company stops accruing interest on its investments when it is determined that interest is no longer collectible.

Fee Income. Fee income includes fees for due diligence and structuring, as well as fees for transaction services and management services rendered by us to portfolio companies and other third parties and are generally recognized as income when the services are rendered.

Organization and Offering Expenses. Organizational expenses totaling approximately $15,000 were expensed as incurred. No additional organizational expenses are anticipated. Offering expenses are charged against the proceeds of the offering.

Stock-Based Compensation. We may, from time to time, issue stock options to employees and consultants under our 2004 Equity Incentive Plan. We follow Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payments* ("FAS 123"), to account for stock options granted. Under FAS 123, 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.

Quantitative and Qualitative Disclosures About Market Risk

We are subject to financial market risks, including changes in interest rates. As of March 31, 2005, all nine loans in our portfolio were at fixed rates. Over time some of our investments will be at variable rates. We may in the future hedge against interest rate fluctuations by using standard hedging instruments such as futures, options and forward contracts. While hedging activities may insulate us against changes in interest rates, 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.

OBLIGATIONS AND IND EBTEDNESS

We have entered into a bridge loan facility to provide us with additional capital to invest prior to the completion of this offering. In addition, we are in discussions to enter into a warehouse financing facility, and we expect to pursue additional debt financing from the Small Business Administration under its Small Business Investment Company program. We may also seek to enter into a securitization facility following the completion of this offering. These various types of facilities are described below.

Bridge Financing

On April 12, 2005, we entered into a bridge loan credit facility with Alcmene Funding, L.L.C., a special purpose vehicle that is an affiliate of Farallon Capital Management, L.L.C. The bridge loan facility consists of a $25 million senior secured first lien term loan, plus up to an additional $25 million of discretionary supplemental senior secured first lien term loans. The supplemental loans, if any, will be made on terms to be agreed upon between us and Alcmene. The bridge loan credit facility matures on October 12, 2005, subject to one six-month extension at our election. If we elect to extend the maturity date, we will pay an extension fee of 1% of the principal amount of the loan. The bridge loan credit facility is prepayable by us at any time without premium or penalty. The entire principal amount of the bridge loan is due at maturity. Borrowings under the bridge loan credit facility bear interest at 8.0% per annum through the initial maturity date, and if we elect to extend the maturity date of the bridge loan credit facility beyond the initial six-month term, borrowings will bear interest at 11.5% per annum during any such extension period. In addition, we paid an upfront fee of $500,000 at the time of our initial draw down under the facility and will be obligated to pay a maturity fee of $500,000 upon repayment of the bridge loan credit facility, whether upon maturity or upon earlier repayment. The bridge loan credit facility contains a mandatory prepayment provision requiring that we turn over to Alcmene all principal payments that we receive from our loans to portfolio companies if at such time we have less than $5 million in cash or cash equivalents on hand. The bridge loan credit facility is secured by a first priority lien on substantially all of our assets. Interest on our bridge loan credit facility is payable in arrears monthly, on the maturity date and on any prepayment date. As of April 30, 2005 we had approximately $25.0 million outstanding under the bridge loan credit facility and no accrued interest.

Our bridge loan credit facility requires us to meet financial tests with respect to a minimum fixed charge coverage ratio, a minimum senior secured debt coverage ratio, minimum net assets and minimum net assets per share as well as concentration and default limits with respect to portfolio company loans. In addition, our bridge loan credit facility contains negative covenants limiting, among other things, additional liens and indebtedness, transactions with affiliates, mergers and consolidations, liquidations and dissolutions, sales of assets, dividends, loans and advances (other than to our portfolio companies), and other matters customarily restricted in such agreements. Our bridge loan credit facility contains customary events of default, including, without limitation, payment defaults, breaches of representations and warranties, covenant defaults, events of bankruptcy and insolvency, failure of any security document supporting the bridge loan credit facility to be in full force and effect, and a change of control of our business.

Warehouse Facility

We are in discussions to enter into a structured warehouse credit facility for up to $100 million with an affiliate of Citigroup Global Markets Inc. This financing is subject to negotiation and execution of definitive documentation which will contain customary closing conditions. Accordingly, there can be no assurance that we will be able to obtain a warehouse credit facility on terms acceptable to us or at all, or that we will be able to borrow the amounts anticipated even if we are able to obtain such a facility. We would use this warehouse credit facility to provide us with capital to make additional investments. The warehouse credit facility would operate much like a revolving credit facility and would be primarily secured by the loans acquired with the advances under the credit facility. In addition, the lender may have recourse to us for up to 10% of the amount of the facility as well as our interests in the equity of the related borrowers. We expect that we will pay an up front fee

in connection with the closing of the facility and may also provide the lender an entitlement to a portion of the proceeds of any equity interests we may receive in the related borrowers for any loans funded under the facility. We expect that this pool of loans would need to meet certain eligibility criteria defined in the documents governing the facility.

SBIC Financing

We expect to pursue, through our wholly-owned subsidiary, additional debt financing from the Small Business Administration under its Small Business Investment Company program. If we are able to obtain financing under such program, we will be subject to regulation and oversight by the Small Business Administration, including requirements with respect to maintaining certain minimum financial ratios and other covenants. The Small Business Investment Company regulations currently limit the amount that is available to borrow by any SBIC to $119 million.

Securitization

We plan to aggregate pools of funded loans using our warehouse facility or other conduits that we may seek until a sufficiently large pool of funded loans is created which can then be securitized. We expect that any loans included in a securitization facility will be securitized on a non-recourse basis with respect to the credit losses on the loans. There can be no assurance that we will be able to complete this securitization strategy or that it will be successful.

BUSINESS

General

We are a specialty finance company that provides debt and equity growth capital to technology-related companies at all stages of development. We primarily finance privately-held companies backed by leading venture capital and private equity firms and may also finance certain publicly-traded companies. We originate our investments through our principal office located in Silicon Valley, as well as our additional offices in the Boston and Chicago areas. Our goal is to be the capital provider of choice for technology-related companies requiring sophisticated and customized financing solutions. We invest primarily in structured mezzanine debt and, to a lesser extent, in senior debt and equity investments. We use the term "structured mezzanine debt investment" 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 rights to purchase common or preferred stock. Our structured mezzanine debt investments will typically be 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 debt investments and capital appreciation from our equity-related investments. We are an internally managed, non-diversified, closed-end investment company that has elected to be treated as a business development company under the 1940 Act, and we intend to elect to be treated as a RIC under Subchapter M of the Code on or prior to January 1, 2006.

We focus our investments in companies active in technology industry sub-sectors characterized by products or services that require advanced technologies, including computer software and hardware, networking systems, semiconductors, semiconductor capital equipment, information technology infrastructure or services, Internet consumer and business services, telecommunications, telecommunications equipment and media, and life sciences. Within the life sciences sub-sector, we expect to focus on medical device, bio-pharmaceutical, health care service and information systems companies. We refer to all of these companies as "technology-related" companies and intend, under normal circumstances, to invest at least 80% of the value of our assets in such businesses.

We anticipate that our portfolio will be comprised of investments in technology-related companies at various stages of their development. Our emphasis will be on private companies following or in connection with their first institutional round of equity financing, which we refer to as emerging-growth companies, and private companies in later rounds of financing, which we refer to as expansion-stage companies. To a lesser extent, we will make investments in established companies comprised of private companies in one of their final rounds of equity financing prior to a liquidity event such as an anticipated merger, acquisition or initial public offering, or select publicly-traded companies that lack access to public capital or are sensitive to equity ownership dilution.

Our investments will generally be in structured mezzanine debt and, to a lesser extent, in senior debt and equity. Structured mezzanine debt is a flexible instrument that may be tailored to meet specific financing needs of prospective portfolio companies. In addition to the structured mezzanine product, we expect to offer other customized financing solutions, including senior secured loans and, in limited instances, we may make direct equity investments. We expect that many of our loans to emerging-growth and expansion-stage companies will include an interest-only period followed by monthly or quarterly principal and interest payments.

We commenced investment operations in September 2004 and through April 30, 2005 we had entered into binding agreements to invest approximately $67.8 million in structured mezzanine debt. As of March 31, 2005, our investment portfolio included structured mezzanine debt investments in nine portfolio companies representing approximately $32.6 million of invested capital and additional unfunded contractual commitments of $9.0 million to these portfolio companies. As of April 30, 2005, our investment portfolio included structured mezzanine debt investments in 12 portfolio companies representing $47.3 million of invested capital and additional unfunded contractual commitments of $20.5 million to these portfolio companies.

In addition, as of May 10, 2005, we had extended non-binding term sheets to eight prospective new portfolio companies representing approximately $74 million of structured mezzanine debt investments. These investments are subject to finalization of our due diligence and approval process as well as negotiation of definitive agreements with the prospective portfolio company and, as a result, may not result in completed investments.

At March 31, 2005, the weighted average yield to maturity of our loan obligations was approximately 14.2%. Yields to maturity are computed using interest rates as of March 31, 2005 and include amortization of loan facility fees, original issue discount, commitment fees and market premium or discount over the expected life of the debt investment weighted by their respected costs when averaged and are based on the assumption that all contractual loan commitments have been fully funded.

Our management team is currently comprised of nine individuals 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 expect we will hire additional executives and investment professionals following this offering. The senior members of our management team have originated both debt and equity investments in excess of $1 billion in technology-related companies backed by leading financial sponsors. As a result of this prior investment experience, our management team has developed strong relationships with more than 100 of the leading venture capital and private equity firms. Our executive officers include Mr. Henriquez, our Chief Executive Officer, and Mr. Howard, our Senior Managing Director. Mr. Henriquez has more than 16 years of operational, investment and board-level experience with venture capital-backed companies in the technology industry sub-sectors we are targeting as both a venture capitalist and specialized technology lender. Mr. Howard has more than 18 years of experience as an originator, underwriter and manager of debt and equity investments in a wide variety of technology-related companies. The majority of our management team has worked with Messrs. Henriquez or Howard previously at other organizations. 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.

Our principal executive offices are located at 525 University Avenue, Suite 700, Palo Alto, California 94301 and our telephone number is 650-289-3060. We maintain a website on the Internet at www.herculestech.com. Information contained in our website is not incorporated by reference into this prospectus, and you should not consider that information as part of this prospectus.

Our Formation

We were founded by Mr. Henriquez, our Chief Executive Officer, Mr. Howard, our Senior Managing Director, and Mr. Harvey, our Chief Legal Officer, in December 2003, and we were incorporated in Maryland on December 18, 2003. We were initially capitalized with approximately $2.6 million in net proceeds from the sale of our preferred stock in February 2004.

In June 2004, we completed a private offering of units, each unit consisting of two shares of our common stock and two warrants to purchase one share of our common stock. We received approximately $23.9 million in total net proceeds from our June 2004 private offering, net of placement fees and before other offering and organizational expenses. All of our outstanding preferred stock was exchanged for units immediately prior to the closing of our June 2004 private offering.

On February 22, 2005, we elected to be regulated as a business development company under the 1940 Act, and we intend to elect to be treated as a RIC under Subchapter M of the Code on or prior to January 1, 2006. See “Regulation” and “Certain United States Federal Income Tax Considerations.”

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. We believe that continued growth of this sector is supported by ongoing innovation and performance improvements in technology-related products and the adoption of technology across virtually all industries in response to competitive pressures. Technology-related companies have used recent structural market changes to focus on their core competencies and efficient operating structures, and many companies with compelling business prospects have emerged. We believe, therefore, that an attractive market opportunity exists for a specialty finance company focused primarily on structured mezzanine investments in technology-related companies for the following reasons:

- Technology-related companies are underserved by traditional lending sources;
- Unfulfilled demand exists for structured debt financing by technology-related companies;
- Structured mezzanine debt products are less dilutive and complement equity financing from venture capital and private equity funds; and
- Average valuations for private technology-related companies are lower than in recent years.

Technology-Related Companies 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, in part because traditional lenders have continued to consolidate and have adopted a more risk-averse approach to lending that has resulted in tightened credit standards in recent years. More importantly, we believe traditional lenders are typically unable to underwrite the risk associated with financial sponsor-backed emerging-growth or expansion-stage companies effectively.

The unique cash flow characteristics of many technology-related companies as a result of significant research and development expenditures and high projected revenue growth often render them difficult to evaluate from a credit perspective. The balance sheets of emerging-growth and expansion-stage companies often include a disproportionately large amount of intellectual property assets, which makes the process of valuing that collateral more difficult. Finally, the speed of innovation in technology and rapid shifts in consumer demand and market share require an in-depth understanding of technology products and markets. These attributes can make it difficult for lenders to analyze technology-related companies using traditional underwriting methods.

We believe traditional lenders are generally refraining from entering the structured mezzanine debt marketplace for emerging-growth and expansion-stage companies, instead preferring the risk-reward profile of senior debt. 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 flows and requiring a significant depository relationship to facilitate rapid liquidation.

Unfulfilled Demand for Structured Debt Financing by Technology-Related Companies. Private debt capital from specialty finance companies continues to be an important source of funding for technology-related companies. We believe that the level of demand for debt financing to emerging-growth and expansion-stage companies is a function of the level of annual venture equity investment activity. In 2004, venture capital-backed companies received, in approximately 2,000 transactions, equity financing in an aggregate amount of approximately $20.4 billion (of which approximately 89% was invested in technology-related companies), as reported by VentureOne. According to VentureOne, as of March 31, 2005, there were a total of approximately 5,250 private companies that had received aggregate venture capital equity investments of approximately $128 billion over the prior six years. We believe a range of $20 billion to $25 billion in annual equity investments to venture-backed companies will be sustainable for future years.

We believe that demand for structured debt financing is currently unfulfilled, in part because the historically largest lenders to technology-related companies have exited the market while at the same time lending requirements of traditional lenders have become more stringent. We therefore believe we are entering the structured lending market for technology-related companies at an opportune time.

Structured Mezzanine Debt Products Complement Equity Financing From Venture Capital and Private Equity Funds. We believe that structured debt securities will continue to be viewed as an attractive source of capital that will augment the capital provided by venture capital and private equity funds. We believe that our structured mezzanine debt products will provide access to growth capital for technology-related companies that may not otherwise be able to obtain financing other than through incremental investments by their existing equity investors. As such, we provide portfolio companies and their financial sponsors with an opportunity to complement and diversify their capital sources. Generally, we believe emerging-growth and expansion-stage companies target a portion of their capital to be debt in an attempt to enable those companies to achieve a higher valuation through internal growth. In addition, because financial-sponsor backed companies have recently been more mature prior to reaching a liquidity event, our investments could provide the debt capital needed to grow or recapitalize during the extended period prior to liquidity events.

Lower Valuations for Private Technology-Related Companies. During the downturn in technology-related industries that began in 2000, we saw sharp and broad declines in valuations of venture capital and private equity-backed technology-related companies. According to VentureOne, median pre-money valuations for venture capital-backed companies for 2004 was $13.0 million, which was similar to 1997 levels, and compares to $25.0 million in 2000 and $16.0 million in 2001. We believe that the valuations currently assigned to venture capital and private equity-backed technology-related companies in private financing rounds will allow us to build a portfolio of equity-related securities at attractive valuation levels.

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. We have assembled a team of senior investment professionals with extensive experience as venture capitalists, commercial lenders, and originators of structured debt and equity investments in technology-related companies. Members of our management team also have operational, research and development and finance experience with technology-related companies. We have established contacts with leading venture capital and private equity fund sponsors, public and private companies, research institutions and other industry participants, which should enable us to identify and attract well-positioned prospective portfolio companies.

We will concentrate our investing activities in industries in which our investment professionals have extensive investment experience. Our investment professionals have, on average, more than 15 years of experience as equity investors in, and/or lenders to, technology-related companies. In addition, our team members have originated structured mezzanine investments in over 200 technology-related companies, representing over $1 billion in investments, and have developed a network of industry contacts with investors and other participants within the venture capital and private equity communities. We believe that our focus on financing technology-related companies will enable us to leverage our expertise in structuring prospective investments to assess the value of both tangible and intangible assets, to evaluate the business prospects and operating characteristics of technology-related companies, and to identify and originate potentially attractive investments with these types of companies.

Mitigate Risk of Principal Loss and Build a Portfolio of Equity-Related Securities. We expect that our investments will 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 our equity-related investments. We believe that we can mitigate the risk of loss on our debt investments through the combination of loan principal amortization,

cash interest payments, relatively short maturities for our debt instruments, taking security interests in the assets of our portfolio companies, as well as 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.

Our debt investments will typically include warrants or other equity interests, giving us the potential to realize equity-like returns on a portion of our investment. In addition, we expect, in some cases, to receive the right to make additional equity investments in our portfolio companies in connection with future equity financing rounds. We believe that the valuations currently assigned to technology-related companies in private financing rounds as a result of the recent downturn in technology-related industries will allow us to build a portfolio of equity-related securities at attractive valuation levels, which we believe will create the potential for meaningful long-term capital gains in connection with the future liquidity events of these technology-related companies.

Provide Customized Financing Complementary to Financial Sponsors' Capital. We offer a broad range of investment structures and possess expertise and experience to effectively structure and price investments in technology-related companies. Unlike many of our competitors that structure their products to fit a specific set of investment parameters, we have the flexibility to structure our investments to suit the particular needs of our portfolio companies. We offer customized financing solutions ranging from senior debt to equity capital, with a focus on structured mezzanine debt.

We will use our strong relationships in the financial sponsor community to originate investment opportunities. Because venture capital and private equity funds typically invest solely in the equity securities of their portfolio companies, we believe that our debt investments will be viewed as an attractive source of capital, both by the portfolio company and by the portfolio company's financial sponsor. In addition, we believe that many venture capital and private equity fund sponsors encourage their portfolio companies to use debt financing for a portion of their capital needs as a means of potentially enhancing equity returns, minimizing equity dilution and increasing valuations prior to a subsequent equity financing round or a liquidity event.

Invest at Various Stages of Development. We will provide growth capital to technology-related companies at all stages of development, from emerging-growth companies, to expansion-stage companies to established companies. We believe that this provides us with a broader range of potential investment opportunities than those available to many of our competitors, who generally choose to make investments during a particular stage in a company's development. Because of the flexible structure of our investments and the extensive experience of our investment professionals, we believe we are well positioned to take advantage of these investment opportunities at all stages of prospective portfolio companies' development.

Benefit from Our Efficient Organizational Structure. We believe that the perpetual nature of our corporate structure enables us to be a long-term partner for our portfolio companies in contrast to traditional mezzanine and 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. We are not subject to requirements to return invested capital to investors nor do we have a finite investment horizon. Capital providers that are subject to such limitations are often required to seek a liquidity event more quickly than they otherwise might, which can result in a lower overall return on an investment.

Deal Sourcing Through Our Proprietary Database. We have developed a proprietary and comprehensive structured query language-based (SQL) database system to track various aspects of our investment process including sourcing, originations, transaction monitoring and post-investment performance. As of March 31, 2005, our proprietary SQL-based database system included over 5,700 technology-related companies and over 1,250 venture capital private equity sponsors/investors, as well as various other industry contacts. This proprietary SQL system allows us to maintain, cultivate and grow our industry relationships while providing us with comprehensive details on companies in the technology-related industries and their financial sponsors.

Our Investments

We plan to invest in debt securities and, to a lesser extent, equity securities, with a particular emphasis on structured mezzanine debt.

We will generally seek to invest in companies that have been operating for at least six to 12 months prior to the date of our investment. We expect that such entities will, at the time of investment, be generating revenues or will have a business plan that anticipates generation of revenues within 24 months. Further, we expect that on the date of our investment we will obtain a lien on available assets, which may or may not include intellectual property (other than any tangible assets specifically financed with senior debt), and these companies will have sufficient cash on their balance sheet to amortize their debt for at least nine to 18 months following our investment. We will generally require that a prospective portfolio company, in addition to having sufficient capital to support leverage, demonstrate an operating plan capable of generating cash flows or raising the additional capital necessary to cover its operating expenses and service its debt.

We expect that our investments will generally range from $1.0 million to $20.0 million. Our debt investments will generally have an average initial principal balance of between $2.0 million and $7.0 million and have maturities of two to seven years, with an expected average term of three years. We will typically structure our debt securities to provide for amortization of principal over the life of the loan, but may include an interest-only period, and our loans will be collateralized by a security interest in the borrower's assets, although we may not have the first claim on these assets and the assets may not include intellectual property. Our debt investments will carry fixed or variable contractual interest rates typically ranging from 8% to 14%. In addition to the cash yields received on our loans, in some instances, certain loans may also include any of the following: end of term payments, exit fees, balloon payment fees or prepayment fees, which we may be required to include in income prior to receipt. We also generate revenue in the form of commitment and facility fees, and to a lesser extent, due diligence fees. In addition, our structured mezzanine debt investments will have equity enhancement features, typically in the form of warrants or other equity-related securities designed to provide us with an opportunity for capital appreciation. We generally expect that the warrants typically will be immediately exercisable upon issuance and will remain exercisable for the lesser of seven years or three years after an initial public offering. The exercise prices for the warrants will likely vary from nominal exercise prices to exercise prices that are at or above the current fair market value of the equity for which we receive warrants. We may structure warrants to provide minority rights provisions and put rights upon the occurrence of certain events. We intend to generally target a total annualized return (including interest, fees and value of warrants) of 12% to 25% for our debt investments.

Typically, our debt and equity investments will take one of the following forms:

- *Structured Mezzanine Debt.* We will seek to invest a majority of our assets in structured mezzanine debt of prospective portfolio companies. Traditional "mezzanine" debt is a layer of high-coupon financing between debt and equity that most commonly takes the form of subordinated debt coupled with warrants, combining the cash flow and risk characteristics of both senior debt and equity. However, our structured mezzanine investments may be the only debt capital on the balance sheet of our portfolio companies, and in many cases we will have a first lien security interest in all of our portfolio company's assets (other than any tangible assets specifically financed with senior debt). Our structured mezzanine debt investments will typically have maturities of between two and seven years, with full amortization for emerging-growth or expansion-stage companies and little or no amortization for select established companies. We anticipate that our structured mezzanine debt investments will carry a contractual interest rate between 8% and 14% and may include an additional end-of-term payment, will be in an amount between $3 million and $20 million with an average initial principal balance of between $3 million and $7 million (although this investment size may vary proportionately as the size of our capital base changes) and will have an average term of three years. In some cases we collateralize our investments by obtaining security interests in our portfolio companies' assets, which may include their intellectual property. In other cases we may obtain a negative pledge covering a company's intellectual property. We may structure our mezzanine debt investments with restrictive affirmative and negative covenants, default penalties, lien protection, equity calls, take control provisions and board observation rights.

- *Senior Debt.* We will seek to invest a limited portion of our assets in senior debt of prospective portfolio companies. Senior debt has a senior position with respect to a borrower's scheduled interest and principal payments and holds a first priority security interest in the assets pledged as collateral. Senior debt also may impose covenants on a borrower with regard to cash flows and changes in capital structure, among other items. We anticipate that our senior debt investments will carry a contractual interest rate between 8% and 12%, will be in an amount between $1 million and $5 million with an average initial principal balance of $2 million, and will have an average term of under three years. In some cases we collateralize our investments by obtaining security interests in our portfolio companies' assets, which may include their intellectual property. In other cases we may obtain a negative pledge covering a company's intellectual property. We expect our senior loans, in certain instances, to be tied to the financing of specific assets.
- *Equity-Related Securities.* The equity-related securities we hold will consist primarily of warrants or other equity interests obtained in connection with our structured mezzanine debt investments. We expect that, in addition to the warrants received as a part of a structured mezzanine debt financing, we will typically receive the right to make equity investments in a portfolio company in connection with the next equity financing round for that company. This right will provide us with the opportunity to further enhance our returns over time through opportunistic equity investments in our portfolio companies. Equity-related investments will typically be in the form of preferred or common equity and may be structured with a dividend yield, providing us with a current return, and with customary anti-dilution protection and preemptive rights. In the future, we may achieve liquidity through a merger or acquisition of a portfolio company, a public offering of a portfolio company's stock or by exercising our right, if any, to require a portfolio company to buy back the equity-related securities we hold.

A comparison of the typical features of our various investment alternatives is set forth in the chart below.

	Senior Debt	Structured Mezzanine Debt	Equity Securities
Typical Structure	Term or Revolving Debt	Term Debt with Warrants	Preferred Stock or Common Stock
Investment Horizon	Usually under 3 years	Long Term, ranging from 2 to 7 years, with an average of 3 years	Long Term
Ranking/Security	Senior/First Lien	Senior or Junior Lien	None/Unsecured
Covenants	Generally Comprehensive	Less Restrictive; Mostly Financial; Maintenance-Based	None
Risk Tolerance	Low	Medium	High
Coupon/Dividend	Cash Pay—Floating or Fixed Rate	Cash Pay—Fixed Rate; Payment-in-kind in limited cases	Payment-in kind in limited cases
Customization or Flexibility	Standard	More Flexible	Flexible
Equity Dilution	None to Low	Low	High

Investment Criteria

We have identified several criteria that we believe will prove important in achieving our investment objective with respect to prospective portfolio companies. These criteria provide general guidelines for our investment decisions.

Portfolio Composition. While we will focus our investments in technology-related companies, we will seek to diversify across various financial sponsors as well as across various stages of companies' development and various technology-related industry sub-sectors and geographies.

Continuing Support from One or More Financial Sponsors. We intend generally to invest in companies in which one or more established financial sponsors have previously invested and continue to make a contribution to the management of the business. We believe that having established financial sponsors that have meaningful commitments to the business is a key characteristic of a prospective portfolio company. In addition, we will look for representatives of one or more financial sponsors to maintain seats on the board of directors of a prospective portfolio company as an indication of such commitment.

Company Stage of Development. While we intend to invest in companies at various stages of development, we will generally require that prospective portfolio companies be beyond the seed stage of development and generally have received or have commitments for their first institutional round of equity financing. We will expect that a prospective portfolio company demonstrate its ability to increase its revenues and operating cash flow over time. The anticipated growth rate of a prospective portfolio company will be a key factor in determining the value that we ascribe to any warrants or other equity securities that we may acquire in connection with an investment in debt securities.

Operating Plan. We will generally require that a prospective portfolio company, in addition to having sufficient access to capital to support leverage, demonstrate an operating plan capable of generating cash flows or the ability to raise the additional capital necessary to cover its operating expenses and service its debt. Specifically, we will require that a prospective portfolio company demonstrate at the time of our proposed investment that it will have cash on its balance sheet, or be in the process of completing a financing so that it will have cash on its balance sheet, sufficient to support its operations for a minimum of nine to 18 months.

Security Interest. In many instances we will generally seek a first priority security interest in all of the portfolio company's tangible and intangible assets as collateral for our debt investment, subject in some cases to permitted exceptions. In some cases we may only obtain a negative pledge covering a company's intellectual property. Although we do not intend to operate as an asset-based lender, the estimated liquidation value of the assets, if any, collateralizing the debt securities that we hold will be an important factor in our credit analysis. We will evaluate both tangible assets, such as accounts receivable, inventory and equipment, and intangible assets, such as intellectual property, customer lists, networks and databases.

Covenants. Our investments will typically include cross-default and material adverse change provisions, will require the portfolio company to provide periodic financial reports and operating metrics and will typically limit the portfolio company's ability to incur additional debt, sell assets, engage in transactions with affiliates and consummate an extraordinary transaction, such as a merger or recapitalization without our consent. In addition, we may require other performance or financial based covenants, as we deem appropriate.

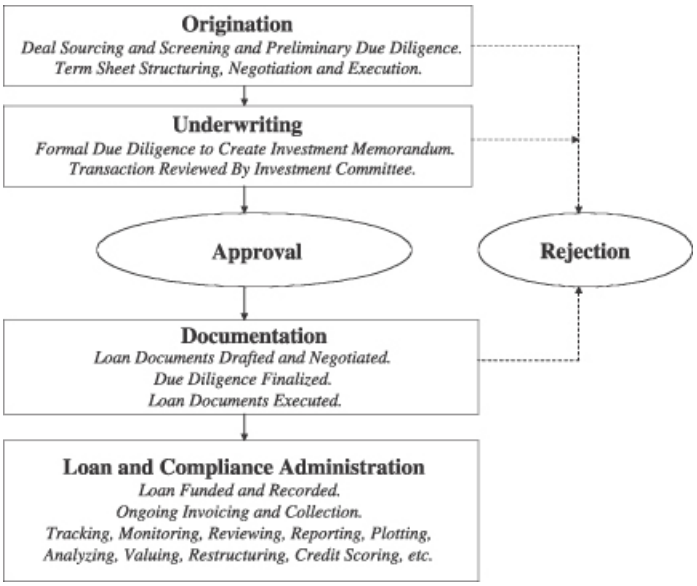
Exit Strategy. Prior to making a debt investment that is accompanied by an equity-related security in a prospective portfolio company, we will analyze the potential for that company to increase the liquidity of its equity through a future event that would enable us to realize appreciation in the value of our equity interest. Liquidity events may include an initial public offering, a private sale of our equity interest to a third party, a merger or an acquisition of the company or a purchase of our equity position by the company or one of its stockholders.

Investment Process

We have organized our management team around the four key elements of our investment process:

- Origination;
- Underwriting;
- Documentation; and
- Loan and Compliance Administration.

Our investment process is summarized in the following chart:



Origination

The origination process for our investments includes sourcing, screening, preliminary due diligence and deal structuring and negotiation, all leading to an executed non-binding term sheet. Our investment origination team consists of seven professionals headed by our Chief Executive Officer, Mr. Henriquez, and our Senior Managing Director, Mr. Howard, will be responsible for sourcing potential investment opportunities. The origination team will utilize their extensive relationships with various leading financial sponsors, management contacts within technology-related companies, trade sources, technology conferences and various publications to source prospective portfolio companies.

In addition, we have developed a proprietary and comprehensive SQL-based database system to track various aspects of our investment process including sourcing, originations, transaction monitoring and post-investment performance. As of March 31, 2005, our proprietary SQL-based database system included over 5,700 technology-related companies and over 1,250 venture capital private equity sponsors/investors, as well as

various other industry contacts. This proprietary SQL system allows our origination team to maintain, cultivate and grow our industry relationships while providing our origination team with comprehensive details on companies in the technology-related industries and their financial sponsors.

If a prospective portfolio company generally meets certain underwriting criteria, we will perform preliminary due diligence, which may include high level company and technology assessments, evaluation of its financial sponsors' support, market analysis, competitive analysis, evaluation of select management, risk analysis and transaction size, pricing, return analysis and structure analysis. If the preliminary due diligence is satisfactory, and the origination team recommends moving forward, we will then structure, negotiate and execute a non-binding term sheet with the potential portfolio company. Upon execution of a term sheet, the investment opportunity moves to the underwriting process to complete formal due diligence review and approval.

Underwriting

The underwriting review includes formal due diligence and approval of the proposed investment in the portfolio company.

Due Diligence. Our due diligence on a prospective investment is typically completed by two or more investment professionals which we define as the underwriting team. The underwriting team for a proposed investment consists of the deal sponsor who possesses specific industry knowledge and is responsible for originating and managing the transaction, other investment professional(s) who perform due diligence, credit and corporate financial analyses, and, as needed, our Chief Legal Officer. To ensure consistent underwriting, we use our standardized due diligence methodologies, which include due diligence on financial performance and credit risk as well as an analysis of the operations, accounting policies and the legal and regulatory framework of a prospective portfolio company. The members of the underwriting team work together to conduct due diligence and understand the relationships among the prospective portfolio company's business plan, operations and financial performance.

As part of our evaluation of a proposed investment, the underwriting team prepares an investment memorandum for presentation to the investment committee. In preparing the investment memorandum, the underwriting team typically meets with key management of the company and selects its financial sponsors and assembles information critical to the investment decision. If and when appropriate, the investment professionals may also contact industry experts and customers, vendors or, in some cases, competitors of the company.

Approval Process. The sponsoring managing director or principal presents the investment memorandum to our investment committee for consideration. The unanimous approval of our investment committee is required before we proceed with any investment. The members of our investment committee are our Chief Executive Officer, our Senior Managing Director, our Chief Legal Officer and our Chief Financial Officer. The investment committee will generally meet weekly and more frequently on an as-needed basis.

Documentation

Our documentation group, headed by our Chief Legal Officer, administers the front-end documentation process for our loans. This group is responsible for documenting the term sheet approved by the investment committee to memorialize the transaction with a portfolio company. This group will negotiate loan documentation and, subject to the approval of the Chief Legal Officer, final documents will be prepared for execution by all parties. The documentation group may leverage external law firms from time to time to complete the necessary documentation.

Loan and Compliance Administration

Our loan and compliance administration group, headed by our Chief Financial Officer, administers loans and tracks covenant compliance on our investments and oversees periodic reviews of our critical functions to ensure adherence with our internal policies and procedures. After funding of a loan in accordance with the investment committee's approval, the loan is recorded in our SQL-based database system. The loan and compliance administration group is also responsible for ensuring timely interest and principal payments and collateral management and advises the investment committee on the financial performance and trends of each portfolio company, including any covenant violations that occur, to aid us in assessing the appropriate course of action for each portfolio company and evaluating overall portfolio quality. In addition, the loan and compliance administration group advises the valuation committee of the board regarding the credit and investment ratings for each portfolio company as well as changes in the value of collateral that may occur.

The loan and compliance administration group monitors our portfolio companies in order to determine whether the companies are meeting our financing criteria and their respective business plans and also monitors the financial trends of each portfolio company from its monthly or quarterly financial statements to assess the appropriate course of action for each company and to evaluate overall portfolio quality. In addition, our management team closely monitors the status and performance of each individual company through our SQL-based database system and periodic contact with our portfolio companies' management teams and their respective financial sponsors.

Credit and Investment Rating System. Our loan and compliance administration group uses an investment rating system to characterize and monitor our expected level of returns on both the debt investments and the related warrants or equity positions for each investment in our portfolio. Our loan and compliance administration group monitors and, when appropriate, will recommend changes to investment ratings. Our investment committee reviews the recommendations and/or changes to the investment ratings, which will be submitted to the valuation committee and our board of directors for approval. We use the following investment rating system:

Rating	Summary Description
1	Full return of principal and interest expected; Capital gain expected; Portfolio company exceeding plan
2	Full return of principal and interest expected; Potential capital gain; Portfolio company performing in accordance with plan
3	Full return of principal and interest expected; Minimal to no capital gain expected; Portfolio company performing in accordance with plan but requires close monitoring
4	Full return of principal is expected but some loss of interest likely; No capital gain expected; Portfolio company behind plan and requires close monitoring
5	Partial to full loss of principal and interest expected; No capital gain expected; Portfolio company significantly behind plan

As of March 31, 2005, our investments had a weighted average investment rating of 2.18.

Managerial Assistance

As a business development company, we will offer, and will provide upon request, managerial assistance to our portfolio companies. This assistance could involve, among other things, monitoring the operations of our portfolio companies, participating in board and management meetings, consulting with and advising officers of portfolio companies and providing other organizational and financial guidance. We may receive fees for these services.

Competition

Our primary competitors provide financing to prospective portfolio companies and include financial institutions, venture capital funds, private equity funds, investment funds and investment banks. Many of these entities have greater financial and managerial resources than we will have, and the 1940 Act imposes certain regulatory restrictions on us as a business development company to which many of our competitors are not subject. However, we believe that few of our competitors possess the expertise to properly structure and price debt investments in technology-related companies. We believe that our specialization in financing technology-related companies will enable us to assess the value of intellectual property assets, evaluate the business prospects and operating characteristics of prospective portfolio companies and, as a result, identify investment opportunities that produce attractive risk-adjusted returns. For additional information concerning the competitive risks we face, see "Risk Factors—Risks Related to our Business and Structure—We operate in a highly competitive market for investment opportunities, and we may not be able to compete effectively."

Employees

As of April 30, 2005, we had 12 employees, including eight investment and portfolio management professionals, operations professionals and legal counsel, all of whom have extensive prior experience working on financing transactions for technology-related companies. Upon completion of this offering, we intend to hire additional professionals with business lending experience as well as additional administrative personnel and we expect to expand our management team by hiring additional Managing Directors within three to six months following the completion of this offering. We believe that our relations with our employees are good.

Corporate Structure and Offices

We are a Maryland corporation and an internally-managed, non-diversified closed-end investment company that has elected to be regulated as a business development company under the 1940 Act. Hercules Technology II, L.P., our wholly-owned subsidiary, has applied to be licensed under the Small Business Investment Act of 1958 as a Small Business Investment Company. See "Regulation" below for further information about small business investment company regulation. Hercules Technology SBIC Management, LLC, our wholly-owned subsidiary, functions as the general partner of our subsidiary Hercules Technology II, L.P.

Our principal executive offices are located at 525 University Avenue, Suite 700, Palo Alto, California 94301. We also have two offices in the Boston, Massachusetts area and an office in the Chicago, Illinois area.

Legal Proceedings

Hercules Technology Growth Capital, Inc. is not a party to any pending legal proceedings.

PORTFOLIO COMPANIES

The following tables set forth certain information as of March 31, 2005 and as of April 30, 2005 regarding each portfolio company in which we had a debt or equity investment. The general terms of our loans and other investments are described in "Business—Our Investments." We offer to make available significant managerial assistance to our portfolio companies. In addition, we may receive rights to observe the board of directors meetings of our portfolio companies.

Investments at March 31, 2005

Name and Address of Portfolio Company	Nature of Its Principal Business	Title of Securities Held by Us	Percentage of Class Held (1)	Cost of Investment	Fair Value of Investment (2)
Affinity Express, Inc. 630 Tollgate Road, Suite E Elgin, Illinois 60123	Internet Consumer and Business Services	Senior Debt	100%	$1,683,356	$ 1,683,356
		Common Stock Warrants	100%	17,000	17,000
				1,700,356	1,700,356
Concuity, Inc. 22320 Foothill Blvd., Suite 500 Hayward, California 94541	Software	Senior Debt	100%	4,996,500	4,996,500
		Preferred Stock Warrants	100%	3,500	3,500
				5,000,000	5,000,000
Gomez, Inc. 610 Lincoln Street Waltham, Massachusetts 02451	Software	Senior Debt	100%	2,827,000	2,827,000
		Preferred Stock Warrants	100%	35,000	35,000
				2,862,000	2,862,000
Metreo, Inc. 3500 West Bayshore Road Palo Alto, California 94303	Software	Senior Debt	100%	4,954,166	4,954,166
		Preferred Stock Warrants	100%	50,000	50,000
				5,004,166	5,004,166
Occam Networks, Inc. 77 Robin Hill Road Santa Barbara, California 93117	Communications	Senior Debt	100%	2,971,583	2,971,583
		Preferred and Common Stock Warrants	100%	31,000	31,000
				3,002,583	3,002,583
Omrix Biopharmaceuticals, Inc. MDA Bloodcenter Tel Hashmar Hospital Tel Aviv, Israel	Biopharmaceutical	Senior Debt	100%	2,988,630	2,988,630
		Common Stock Warrants	100%	11,370	11,370
				3,000,000	3,000,000
OptiScan Biomedical Corporation 1105 Atlantic Avenue, Suite 101 Alameda, California 94501	Biopharmaceutical	Senior Debt	100%	3,000,000	3,000,000
		Preferred Stock Warrants	100%	—	—
				3,000,000	3,000,000
RazorGator, Inc. 9464 Wilshire Boulevard Beverly Hills, California 90212	Internet Consumer and Business Services	Senior Debt		4,986,950	4,986,950
		Preferred	100%	13,050	13,050
		Stock Warrants	100%		
				5,000,000	5,000,000

Name and Address of Portfolio Company	Nature of Its Principal Business	Title of Securities Held by Us	Percentage of Class Held (1)	Cost of Investment	Fair Value of Investment (2)
Talisma Corp. 10900 NE 4th Street, Suite 1510 Bellevue, Washington 98004	Software	Subordinated Debt Preferred Stock Warrants	100% 100%	3,955,083 49,000	3,955,083 49,000
				4,004,083	4,004,083
Total Investments at March 31, 2005				$32,573,188	$32,573,188

(1) Reflects the percentage of the class of debt securities, warrants or preferred stock held by us. In each case, we hold less than 3% of the portfolio company's common stock on a fully-diluted basis.
(2) Reflects the fair market value of all existing investments as of March 31, 2005, as determined by our board of directors. The summary of this information at page 2 of this prospectus reflects adjustments to these totals to reflect pay downs of principal and amortization of original issue discount.

Investments between April 1, 2005 and April 30, 2005

Name and Address of Portfolio Company	Nature of Its Principal Business	Title of Securities Held by Us	Percentage of Class Held (1)	Cost of Investment(2)
Ikano Communications, Inc. 265 East 100 South, Suite 245 Salt Lake City, Utah 84111	Communications	Senior Debt Preferred Stock Warrants	100% 100%	$ 5,000,000 —
				5,000,000
Inxight Software, Inc. 500 Macara Avenue Sunnyvale, California 94085	Software	Senior Debt Preferred Stock Warrants	 100% 100%	— —
				—
Merrimack Pharmaceuticals, Inc. 101 Binney St. Cambridge, Massachusetts 02142	Pharmaceutical	Senior Debt Preferred Stock Warrants	 100% 100%	9,000,000 —
				9,000,000
RazorGator, Inc. 9464 Wilshire Boulevard Beverly Hills, California 90212	Internet Consumer and Business Services	Preferred Stock	<5%	1,000,000 1,000,000
Total Additional Investments as of April 30, 2005				$15,000,000

(1) Reflects the percentage of the class of debt securities, warrants or preferred stock held by us. In each case, we hold less than 3% of the portfolio company's common stock on a fully-diluted basis.
(2) Because these investments were made after March 31, 2005, our board of directors has not yet determined the fair value of such investments.

Portfolio Company Descriptions

Affinity Express, Inc.

Affinity Express is a business process outsourcing company that provides digital asset management services and electronic document creation services to client firms.

Concuity, Inc.

Concuity provides an Internet-based technology service solution for healthcare providers to help such providers negotiate, control and collect under contracts with third-party payers.

Gomez, Inc.

Gomez supplies enterprise solutions that help companies achieve and maintain the performance of their mission-critical Internet applications. Gomez provides performance measurement, benchmarking and competitive analysis to companies across all industry segments, including financial services, e-commerce, information technology and travel.

Ikano Communications, Inc.

Ikano Communications partners with Internet Service Providers to help such providers in reducing operating costs, increasing revenues and expanding geographic reach and product offering.

Inxight Software, Inc.

Inxight is a provider of software solutions that enable customers to discover, retrieve, and collect information contained in unstructured data sources in a number of languages.

Merrimack Pharmaceuticals, Inc.

Merrimack Pharmaceuticals is a drug discovery and clinical development company that has developed a proprietary drug discovery platform. Its clinical programs are focused on developing drugs in the fields of autoimmune disease and cancer.

Metreo, Inc.

Metreo delivers e-business software that enables suppliers to evaluate customer sales requests and recommend profitable responses. Metreo offers manufacturers and distributors a suite of supplier-driven solutions that they can use to negotiate profitable deals.

Occam Networks, Inc.

Occam Networks, Inc., which is traded on the Nasdaq Over-the-Counter Bulletin Board (NASDAQ: OCCM.OB), designs, develops and markets a suite of broadband loop carriers (BLCs). Occam's BLC's are Ethernet and Internet protocol (IP) based and enable telecommunications service providers to offer voice, broadband and IP services from a single access network. Occam supplies its products to local and regional telecommunications carriers, independent telephone companies and international telecommunications carriers that deliver or wish to deliver voice, data, Internet access and video services to the residential, small and medium business and large enterprise markets over existing copper telephone lines.

Omrix Biopharmaceuticals, Inc.

Omrix Biopharmaceuticals is a biotechnology company that develops and markets a unique surgical sealant, as well as a suite of immunology and hemophilia products.

OptiScan Biomedical Corporation

OptiScan Biomedical Corporation is developing a non-invasive blood glucose monitor utilizing proprietary infrared technology.

RazorGator, Inc.

RazorGator is an Internet-based ticket sales company focusing on sold-out or hard-to-find tickets for sporting events, concerts and theatrical productions. RazorGator also operates an electronic broker trading and clearing platform for the resale of tickets.

Talisma Corporation

Talisma Corporation is a leading provider of multi-channel Customer Resource Management (CRM) software. The software integrates email, chat, real-time collaboration, and telephony applications with a multi-channel interaction management platform. In addition, the software offers comprehensive analytics and a fully integrated system-wide knowledgebase and customer database.

MANAGEMENT

Our business and affairs are managed under the direction of our board of directors. Our board of directors elects our officers who serve at the discretion of the board of directors. Our board of directors currently consists of three members, one who is an "interested person" of Hercules Technology Growth Capital as defined in Section 2(a)(19) of the 1940 Act and two who are not interested persons and who we refer to as our independent directors. We anticipate that an additional independent director will be elected to our board of directors within 12 months of the completion of this offering.

Directors, Executive Officers and Key Employees

Our executive officers, directors and key employees and their positions are set forth below. The address for each executive officer, director and key employee is c/o Hercules Technology Growth Capital, Inc., 525 University Avenue, Suite 700, Palo Alto, California 94301.

Name	Age	Positions
Interested Director (1)		
Manuel A. Henriquez	41	Chairman of the Board of Directors, President and Chief Executive Officer
Independent Directors		
Joseph W. Chow (2)(3)(4)(5)	52	Director
Allyn C. Woodward, Jr. (2)(3)(4)(5)	64	Director
Executive Officers		
Manuel A. Henriquez	41	Chairman of the Board of Directors, President and Chief Executive Officer
Dennis P. Wolf	52	Chief Financial Officer
Glen C. Howard	48	Senior Managing Director
H. Scott Harvey	51	Chief Legal Officer and Chief Compliance Officer
Key Employees		
Samir Bhaumik	41	Managing Director
Kathleen Conte	58	Managing Director
Roy Y. Liu	44	Managing Director
Parag I. Shah	33	Managing Director
Shane A. Stettenbenz	34	Chief Technology Officer

(1) Mr. Henriquez is an interested person, as defined in section 2(a)(19) of the 1940 Act, of the Company due to his position as an officer of the Company and because he is a beneficial owner of securities of JMP Group LLC, the ultimate parent entity of the lead underwriter in this offering.
(2) Member of the Audit Committee.
(3) Member of the Valuation Committee.
(4) Member of the Compensation Committee.
(5) Member of the Nominating and Corporate Governance Committee.

Interested Director

Manuel A. Henriquez is a co-founder of the company and has been our Chairman and Chief Executive Officer since December 2003 and our President since April 2005. Prior to co-founding Hercules Technology Growth Capital, Mr. Henriquez was a Partner at VantagePoint Venture Partners, a $2.5 billion multi-stage technology venture fund, from August 2000 through July 2003. Prior to VantagePoint Venture Partners, Mr. Henriquez was the President and Chief Investment Officer of Comdisco Ventures, a division of Comdisco, Inc., a leading technology and financial services company, from November 1999 to March 2000. Prior to that, from March 1997 to November 1999, Mr. Henriquez was a Managing Director of Comdisco Ventures. Mr. Henriquez was a senior member of the investment team at Comdisco Ventures that originated over $2.0 billion of equipment lease, debt and equity transactions from 1997 to 2000. Mr. Henriquez received a B.S. in Business Administration from Northeastern University.

Independent Directors

Joseph W. Chow has served as a director since February 2004. Mr. Chow is Executive Vice President and Chief Risk and Corporate Administration Officer at State Street Corporation, having retired from the company in August 2003 and rejoined it in July 2004. Prior to August 2003, Mr. Chow was Executive Vice President and Head of Credit and Risk Policy at State Street. Before joining State Street in 1990, Mr. Chow worked at Bank of Boston in various international and corporate banking roles and specialized in the financing of emerging-stage high technology companies from 1983 to 1989. Mr. Chow is a graduate of Brandeis University with a B.A. in Economics. He also received an M.C.P. from the Massachusetts Institute of Technology and an M.S. in Management (Finance) from the MIT Sloan School of Management.

Allyn C. Woodward, Jr. has served as a director since February 2004. Mr. Woodward is Vice Chairman of Adams Harkness Inc. Adams Harkness, an independent institutional research, brokerage and investment banking firm headquartered in New England, is a member of the NYSE. Prior to joining Adams Harkness in June 1995, Mr. Woodward worked for Silicon Valley Bank from April 1990 to April 1995, initially as Executive Vice President, Manager and Co-founder of the Wellesley, Massachusetts office and more recently as Senior Executive Vice President and Chief Operating Officer in Santa Clara, California. Silicon Valley Bank is a commercial bank headquartered in Santa Clara, California whose principal lending focus is directed toward the technology, healthcare and venture capital industries. Prior to joining Silicon Valley Bank, Mr. Woodward was Senior Vice President and Group Manager of the technology group at Bank of New England where he was employed from 1963 to 1990. Mr. Woodward graduated from Babson College with a degree in finance and accounting. He also graduated from the Stonier Graduate School of Banking at Rutgers University. Mr. Woodward is currently a Director and Chairman of the Compensation Committee of Lecroy Corporation and a former Director of Viewlogic Systems, Inc. and Cayenne Software, Inc. He also serves on the Board of Directors of two private companies and is on the Board of Advisors of several venture capital firms. Mr. Woodward is also on the Board of Overseers and a member of the Finance Committee of Newton Wellesley Hospital, a 300-bed community hospital located in Newton, Massachusetts. Mr. Woodward is also on the Board of Overseers, the Investment Committee and the Finance Committee of Babson College in Babson Park, Massachusetts.

Executive Officers who are not Directors

Dennis P. Wolf joined the company in April 2005 as Chief Financial Officer. From January 2003 to April 2005, Mr. Wolf served as an executive officer at Omnicell, Inc., a publicly-traded medical technology company, where he served as the Executive Vice President of Operations, Engineering, Finance and Administration and Chief Financial Officer. From 2001 to 2003, Mr. Wolf was the Chief Financial Officer and Senior Vice President of Redback Networks Inc., a networking company. From 1998 to 2001, he served as Executive Vice President as well as co-President at Credence Systems Corporation, a provider of equipment solutions for the semiconductor industry, where he managed finance, administration, and operations. Mr. Wolf has previously held management positions at Sun Microsystems, Inc., a computer technology company, and Apple Computer, Inc., a computer technology company. Mr. Wolf also serves on the board of directors and audit committee of Komag, Incorporated, an independent supplier of thin-film disks, and Vitria Technology, Inc., a software and consulting company. Mr. Wolf holds a B.A. degree from the University of Colorado and an M.B.A. from the University of Denver.

Glen C. Howard is a co-founder of the company, served as our President from December 2003 until April 2005 and is currently our Senior Managing Director. Mr. Howard has over 18 years of experience with structured finance and financing public and private technology-related companies. Prior to co-founding Hercules Technology Growth Capital, Mr. Howard served as a Principal with Pearl Street Group, a specialty finance company, from May 2001 to October 2003. From September 1999 to May 2001, Mr. Howard was a Managing Director of Comdisco Ventures, a division of Comdisco, Inc., a leading technology and financial services company. Prior to that, Mr. Howard was a Senior Associate of Comdisco Ventures from February 1997 to September 1999. Mr. Howard was a senior member of the investment team at Comdisco Ventures that originated over $2.5 billion of equipment lease, debt and equity transactions from 1997 to 2001. Prior to joining Comdisco Ventures, Mr. Howard was Vice President of Comdisco, Inc. where he was actively involved in the management

and marketing of structured finance products to private and public technology-related companies. Mr. Howard received a B.S. in Systems Industrial Engineering from the University of Arizona and an M.B.A. from Saint Mary's College.

H. Scott Harvey is a co-founder of the company and has been our Chief Legal Officer since December 2003. Mr. Harvey has over 20 years of legal and business experience with leveraged finance and financing public and private technology-related companies. Since July 2002, and prior to joining Hercules Technology Growth Capital, Mr. Harvey was in a diversified private practice. Previously, Mr. Harvey was Deputy General Counsel of Comdisco, Inc., a leading technology and financial services company, from January 1997 to July 2002. From 1991 to 1997, Mr. Harvey served as Vice President of Marketing, Administration & Alliances with Comdisco, Inc. and was Corporate Counsel from 1983 to 1991. Mr. Harvey received a B.S. in Agricultural Economics from the University of Missouri, a J.D. and LLM in taxation from The John Marshall Law School and an M.B.A. from Illinois Institute of Technology.

Key Employees

Samir Bhaumik joined the company in November 2004 as a Managing Director. Mr. Bhaumik previously served as Vice President-Western Region of the New York Stock Exchange from March 2003 to October 2004. Prior to working for the New York Stock Exchange, Mr. Bhaumik was Senior Vice President of Comerica Bank, previously Imperial Bank from April 1993 to February 2003. Mr. Bhaumik received a B.A. from San Jose State University and an M.B.A from Santa Clara University. He serves on the advisory boards of Santa Clara University Leavey School of Business, Junior Achievement of Silicon Valley and the American Electronics Association- Bay Area council.

Kathleen Conte joined the company as a Managing Director of Life Sciences in November 2004. From December 2003 to November 2004, she worked as an independent consultant. From 1993 to December 2003, she served as Senior Vice President at Comerica Bank running its West Coast Life Sciences Group. Ms. Conte was at Prudential Capital Corporation from 1987 to 1993 originating structured private placements. Prior to that she spent 13 years at Wells Fargo Bank in various lending positions. Ms. Conte holds a B.A. degree and an M.B.A. from the University of Delaware.

Roy Y. Liu joined the company as a Managing Director in April 2004. Mr. Liu has over 20 years experience in operations and finance of technology companies. Formerly, Mr. Liu was a Vice President at GrandBanks Capital, an early-stage, information technology-focused venture capital firm. From 2000 to 2002, Mr. Liu was a founding principal of VantagePoint Structured Investments, a debt fund affiliated with VantagePoint Venture Partners. Prior to joining VantagePoint, Mr. Liu was VP Finance and Chief Financial Officer for toysmart.com, Inc. Prior to joining toysmart.com, he was a First Vice President and co-founded Imperial Bank's Emerging Growth Industries Boston office in 1997, where he focused specifically on debt financing for venture-backed companies. Prior to co-founding Imperial Bank's Emerging Growth Industries Boston office, Mr. Liu was the Chief Financial Officer of Microwave Bypass Systems, Inc. Prior to joining Microwave Bypass, Mr. Liu was Vice President and head of the High Tech Lending group for State Street Bank & Trust Co. Mr. Liu started his finance career in the Acquisition Finance Division of the Bank of Boston. Prior to his career in finance, Mr. Liu worked four years at IBM in research and product development. He holds a B.S. degree in Electrical Engineering and an M.B.A. from the University of Michigan.

Parag I. Shah joined the company in November 2004 as Managing Director of Life Sciences. From April 2000 to April 2004, Mr. Shah served as a Senior Vice President in Imperial Bank's Life Sciences Group, which was acquired by Comerica Bank in early 2001. Prior to working at Comerica Bank, Mr. Shah was an Assistant Vice President at Bank Boston from January 1997 to March 2000. Bank Boston was acquired by Fleet Bank in 1999. Mr. Shah completed his Masters degrees in Technology, Management and Policy as well as his Bachelors degree in Molecular Biology at the Massachusetts Institute of Technology (MIT). During his tenure at MIT, Mr. Shah conducted research at the Whitehead Institute for Biomedical Research and was chosen to serve on the Whitehead Institute's Board of Associates in 2003.

Shane A. Stettenbenz joined the company in February 2004 as Vice President— Information Systems and has served as Chief Technology Officer since December 2004. Mr. Stettenbenz previously served as an IT Director for VantagePoint Venture Partners from May 2001 to June 2003. Prior to that, Mr. Stettenbenz was an IT Manager for Comdisco Ventures, a division of Comdisco, Inc. from May 1997 to May 2001. Mr. Stettenbenz attended San Jose State University from 1991 to 1995 while majoring in Management Information Systems.

Board of Directors

The number of directors is currently fixed at three directors. We expect that at least one additional independent director will be elected to our board of directors within 12 months of the completion of this offering.

Our board of directors is divided into three classes. One class holds office initially for a term expiring at the annual meeting of stockholders to be held in 2005, a second class holds office initially for a term expiring at the annual meeting of stockholders to be held in 2006, and a third class holds office initially for a term expiring at the annual meeting of stockholders to be held in 2007. Each director holds office for the term to which he or she is elected and until his or her successor is duly elected and qualifies. Mr. Chow's current term expires in 2005, Mr. Woodward's term expires in 2006 and Mr. Henriquez's term expires in 2007. Mr. Chow has been nominated for a new term that expires in 2008. At each annual meeting of our stockholders, the successors to the class of directors whose terms expire at such meeting will be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election and until their successors are duly elected and qualify.

In connection with its purchase of our preferred stock in February 2004, we granted JMP Asset Management LLC the right to designate one observer to attend meetings of our board of directors, other than executive sessions, committee meetings or subcommittee meetings consisting solely of independent directors until February 2007. After the expiration of this initial period, the independent directors on our board will consider, on an annual basis, the extension of such observation rights for an additional one year period. Upon certain events resulting in a change of control of JMP Asset Management LLC, its observation rights will immediately terminate.

Compensation of Directors

As compensation for serving on our board of directors, each of our independent directors receives an annual fee of $40,000 and an additional $1,500 per each meeting of the board attended. Employee directors and non-independent directors will not receive compensation for serving on the board. Independent directors who serve on board committees will receive cash compensation in addition to the compensation they receive for service on our board of directors. The chairperson of each committee of our board of directors receives an additional $15,000 per year and all committee members receive an additional $1,500 for each committee meeting they attend. In addition, we reimburse our directors for their reasonable out-of-pocket expenses incurred in attending meetings of the board of directors.

In June 2004, prior to our election to be regulated as a business development company, we granted options under our 2004 Equity Incentive Plan to purchase 30,000 shares of our common stock at $15.00 per share to each of Messrs. Chow and Woodward. Under current SEC rules and regulations applying to business development companies, a business development company may not grant options to non-employee directors absent an exemptive order from the SEC. Pursuant to the terms of the 2004 Equity Incentive Plan, the option awards granted under the plan to our non-employee directors were cancelled effective February 22, 2005.

In connection with this offering, we expect to apply for exemptive relief from the SEC to permit us to grant options to purchase our common stock to our non-employee directors as a portion of their compensation for service on our board of directors. If the SEC grants us such exemptive relief, we expect that the annual fee paid to each of our independent directors will be reduced to $20,000 per year and the compensation paid to the chairperson of each committee will be reduced to $10,000 per year.

Committees of the Board of Directors

Audit Committee. Our board of directors has established an audit committee. The audit committee is comprised of Messrs. Chow and Woodward, each of whom is an independent director and satisfies the independence requirements for purposes of the Nasdaq National Market listing standards, and, following the addition of our third independent director within 12 months of the completion of this offering, such director will become a member of the audit committee. Mr. Chow serves as chairman of the audit committee. The audit committee is responsible for approving our independent accountants, reviewing with our independent accountants the plans and results of the audit engagement, approving professional services provided by our independent accountants, reviewing the independence of our independent accountants and reviewing the adequacy of our internal accounting controls. During the last fiscal year, the audit committee held one meeting.

Valuation Committee. Our board of directors has established a valuation committee. The valuation committee is comprised of Messrs. Chow and Woodward, each of whom is an independent director and, following the addition of our third independent director within 12 months of the completion of this offering, such director will become a member of the valuation committee. Mr. Woodward serves as chairman of the valuation committee. The valuation committee is responsible for reviewing and recommending to the full board the fair value of debt and equity securities that are not publicly traded. The valuation committee may utilize the services of an independent valuation firm in arriving at fair value of these securities. The valuation committee held no meetings during the last fiscal year.

Compensation Committee. Our board of directors has established a compensation committee. The compensation committee is comprised of Messrs. Chow and Woodward, each of whom is an independent director and satisfies the independence requirements for purposes of the Nasdaq National Market listing standards and, following the addition of our third independent director within 12 months of the completion of this offering, such director will become a member of the compensation committee. Mr. Woodward serves as chairman of the compensation committee. The compensation committee determines compensation for our executive officers, in addition to administering our 2004 Equity Incentive Plan, which is described below. During the last fiscal year, the compensation committee held eight meetings.

Nominating and Corporate Governance Committee. Our board of directors has established a nominating and corporate governance committee. The nominating and corporate governance committee is comprised of Messrs. Chow and Woodward, each of whom is an independent director and satisfies the independence requirements for purposes of the Nasdaq National Market listing standards and, following the addition of our third independent director within 12 months of the completion of this offering, such director will become a member of the nominating and corporate governance committee. Mr. Chow serves as chairman of the nominating and corporate governance committee. The nominating and corporate governance committee will nominate to the board of directors for consideration candidates for election as directors to the board of directors.

Until investment funds controlled by Farallon Capital Management, L.L.C. beneficially own less than 10% of our outstanding common stock, Farallon Capital Management, L.L.C. has the right to recommend one person to our nominating and corporate governance committee for consideration as a nominee to our board of directors, provided that such person qualifies as an independent director under the 1940 Act.

Until investment funds controlled by JMP Asset Management LLC beneficially own less than 10% of our outstanding common stock, JMP Asset Management LLC has the right to recommend two people to our nominating and corporate governance committee for consideration as a nominee to our board of directors, provided that such persons qualify as independent directors under the 1940 Act.

Compensation of Executive Officers

Under SEC rules applicable to business development companies, we are required to set forth certain information regarding the compensation of certain of our executive officers and directors. The following table sets forth information regarding the compensation earned by our directors and our three highest paid executive officers (collectively, they are referred to as "Compensated Persons") in all capacities during the fiscal year ending December 31, 2004. No compensation is paid to directors, in their capacity as such, who are "interested persons."

Summary Compensation Table

Name	Aggregate Compensation from the Company	Pension or Retirement Benefits Accrued as Part of Company Expenses (1)	Number of Securities Underlying Options/ SARS	Directors' Fees Paid by the Company (2)
Independent Directors:				
Joseph W. Chow	$ 32,000	—	30,000(3)	$ 32,000
Allyn C. Woodward, Jr.	33,500	—	30,000(3)	33,500
Executive Officers:				
Manuel A. Henriquez	191,667	—	850,000(4)	—
Glen C. Howard	160,625	—	362,817(5)	—
H. Scott Harvey	131,773	—	25,641(6)	—

(1) We do not have a bonus, profit sharing or retirement plan, and directors do not receive any pension or retirement benefits.

(2) Consists only of directors' fees we paid in 2004. Such fees are also included in the column titled "Aggregate Compensation from the Company."

(3) Pursuant to the terms of the 2004 Equity Incentive Plan, awards granted to our non-employee directors in 2004 were cancelled effective February 22, 2005. See "Management—Compensation of Directors."

(4) Represents (i) options to purchase 125,000 shares of our common stock at an exercise price per share equal to $15.00, (ii) 1-year warrants to purchase 62,500 shares of our common stock and 5-year warrants to purchase 62,500 shares of our common stock at an exercise price per share initially equal to $15.00 and reduced to $10.57 pursuant to the terms of the warrant agreement or warrant certificate, as applicable, governing such warrants, and (iii) options to purchase 300,000 shares of our common stock at an exercise price per share equal to $15.00, 1-year warrants to purchase 150,000 shares of our common stock at an exercise price per share equal to $15.00 and 5-year warrants to purchase 150,000 shares of our common stock at an exercise price per share equal to $15.00 that expired on December 31, 2004, in each case as issued under our 2004 Equity Incentive Plan.

(5) Represents (i) options to purchase 48,077 shares of our common stock at an exercise price per share equal to $15.00, (ii) 1-year warrants to purchase 24,038 shares of our common stock and 5-year warrants to purchase 24,038 shares of our common stock at an exercise price per share initially equal to $15.00 and reduced to $10.57 pursuant to the terms of the warrant agreement or warrant certificate, as applicable, governing such warrants, and (iii) options to purchase 133,332 shares of our common stock at an exercise price per share equal to $15.00, 1-year warrants to purchase 66,666 shares of our common stock at an exercise price per share equal to $15.00 and 5-year warrants to purchase 66,666 shares of our common stock at an exercise price per share equal to $15.00 that expired on December 31, 2004, in each case as issued under our 2004 Equity Incentive Plan.

(6) Represents (i) options to purchase 12,821 shares of our common stock at an exercise price per share equal to $15.00 and (ii) 1-year warrants to purchase 6,410 shares of our common stock and 5-year warrants to purchase 6,410 shares of our common stock at an exercise price per share initially equal to $15.00 and reduced to $10.57 pursuant to the terms of the warrant agreement or warrant certificate, as applicable, governing such warrants, in each case as issued under our 2004 Equity Incentive Plan.

Compensation of Portfolio Management Employees

The compensation of our investment committee, consisting of our Chief Executive Officer, our Senior Managing Director, our Chief Legal Officer and our Chief Financial Officer, is set by the compensation committee of our board of directors. The investment committee is compensated in the form of annual salaries, annual cash bonuses based on performance measured against specific goals and long-term compensation in the form of stock option grants. The compensation program is designed so that a substantial portion of each member of the investment committee's compensation is dependent upon the performance of our portfolio of investments and our profitability.

Salaries and Annual Bonus

The compensation committee of our board of directors meets with the Chief Executive Officer to receive his recommendations regarding the salary and annual bonus for each member of the investment committee other than the Chief Executive Officer. The committee also considers the recent performance of our portfolio of investments and our profitability in light of general economic and competitive conditions. Based on this information and any other considerations it deems relevant, the compensation committee sets salaries and annual bonus guidelines in its sole discretion.

Long Term Compensation

Long-term performance-based compensation generally includes stock option grants under our 2004 Equity Incentive Plan. Stock option grants to each investment committee member are based on criteria established by the compensation committee, including responsibility level, salary level, committee member performance, overall investment portfolio performance and overall profitability.

Option Grants in Last Fiscal Year

The following table sets forth information concerning options and warrants to purchase shares of our common stock granted to our Compensated Persons.

Option Grants During 2004

Name	Number of Securities Underlying Option	Expiration Date	Percent of Total Options Granted to Employees in Fiscal Year	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(6)	
				5%	10%
Manuel A. Henriquez	62,500(1)	6/17/2005	4.83%	$ 33,031	$ 66,062
	62,500(2)	6/17/2009	4.83%	182,519	403,318
	600,000(4)	12/31/2004	46.38%	222,256	439,280
	125,000	6/23/2011	9.66%	763,313	1,778,845
Glen C. Howard	24,038(1)	6/17/2005	1.86%	12,704	25,410
	24,038(3)	6/17/2009	1.86%	70,198	155,119
	266,664(4)	12/31/2004	20.62%	98,779	195,233
	48,077	6/23/2011	3.72%	293,583	684,172
H. Scott Harvey	6,410(1)	6/17/2005	0.50%	3,387	6,775
	6,410(5)	6/17/2009	0.50%	18,719	41,364
	12,821	6/23/2011	0.99%	78,292	182,453
Joseph W. Chow	30,000(7)	6/23/2011	2.32%	183,195	426,923
Allyn C. Woodward, Jr.	30,000(7)	6/23/2011	2.32%	183,195	426,923

(1) Represents shares issuable upon the exercise of 1-year common stock warrants. The exercise price of such 1-year warrants was reduced from $15.00 per share to $10.57 per share pursuant to the terms of the warrant agreement or warrant certificate, as applicable, governing such warrants in connection with our election to be regulated as a business development company under the 1940 Act. The expiration date for all such 1-year warrants was accelerated to the date prior to our filing with the SEC of an election to be regulated as a business development company under the 1940 Act and all such 1-year warrants not exercised prior to such date were canceled.

(2) Represents shares issuable upon the exercise of 5-year common stock warrants. In connection with our election to be regulated as a business development company under the 1940 Act, 5-year warrants to purchase 66,592 shares of our common stock were cancelled and, in connection with such cancellation, 33,296 shares of our common stock were issued to Mr. Henriquez.

(3) Represents shares issuable upon the exercise of 5-year common stock warrants. In connection with our election to be regulated as a business development company under the 1940 Act, 5-year warrants to purchase 30,572 shares of our common stock were cancelled and, in connection with such cancellation, 15,286 shares of our common stock were issued to Mr. Howard.

(4) Reflects a special option grant to Messrs. Henriquez and Howard, which expired on December 31, 2004, to allow them to make an additional investment subsequent to, and on the same terms as, our June 2004 offering.

(5) Represents shares issuable upon the exercise of 5-year common stock warrants. In connection with our election to be regulated as a business development company under the 1940 Act, 5-year warrants to purchase 3,798 shares of our common stock were cancelled and, in connection with such cancellation, 1,899 shares of our common stock were issued to Mr. Harvey.

(6) The amounts shown on this table represent hypothetical gains that could be achieved for the respective options or warrants if exercised at the end of the term. These gains are based on assumed rates of stock appreciation of 5% and 10% compounded annually from the date the respective options or warrants were granted to their expiration date. The gains shown are net of the applicable exercise price, but do not include deductions for taxes or other expenses associated with the exercise. Actual gains, if any, on exercises will depend on the future performance of our common stock, the holder's continued employment through the option or warrant period and the date on which the options or warrants are exercised. If our common stock does not increase in value after the grant date of the options and warrants, the options and warrants are valueless.

(7) Pursuant to the terms of the 2004 Equity Incentive Plan, awards granted to our non-employee directors in 2004 were cancelled effective February 22, 2005. See "Management—Compensation of Directors."

Employment Agreement

We expect to enter into an employment agreement with Mr. Henriquez, our Chief Executive Officer, following this offering. We expect that Mr. Henriquez's employment agreement will provide for a three-year term. However, one year before the expiration of the agreement, we expect that its term will be automatically renewed for an additional year, unless either party has given three months advance written notice that the automatic extensions are to cease. We expect that the employment agreement will contain provisions regarding base salary, bonus compensation, equity incentive awards and provisions governing death, disability, termination for cause, resignation for good reason and non-competition covenants.

2004 Equity Incentive Plan

Our board of directors has approved, and we expect our current stockholders will approve, prior to the effectiveness of the Registration Statement of which this prospectus is a part, the 2005 Amendment and Restatement of the Hercules Technology Growth Capital, Inc. 2004 Equity Incentive Plan, for the purpose of attracting and retaining the services of executive officers, directors and other key employees. Under the 2004 Equity Incentive Plan, our compensation committee may award incentive stock options within the meaning of Section 422 of the Code, or ISOs, to employees, and nonstatutory stock options to employees and directors.

Under the 2004 Equity Incentive Plan, we have authorized for issuance up to 8,000,000 shares of common stock. Participants in the 2004 Equity Incentive Plan may receive awards of options to purchase our common stock, as determined by our compensation committee. Options granted under the 2004 Equity Incentive Plan generally may be exercised for a period of no more than seven years from the date of grant. Unless sooner terminated by our board of directors, the 2004 Equity Incentive Plan will terminate on the tenth anniversary of its adoption and no additional awards may be made under the 2004 Equity Incentive Plan after that date. The 2004 Equity Incentive Plan provides that all awards granted under the plan are subject to modification as required to ensure that such awards do not conflict with the requirements of the 1940 Act applicable to us.

In connection with certain awards made under the 2004 Equity Incentive Plan prior to this offering, we issued warrants to purchase one share of common stock with up to a 1-year term, which we refer to as the "1-year warrants", and warrants to purchase one share of common stock with a 5-year term, which we refer to as the "5-year warrants". The 1-year warrants and 5-year warrants issued to executive officers and other key employees under our 2004 Equity Incentive Plan are generally subject to the same terms and conditions as the warrants included in the units offered by us in our June 2004 private placement, except that the warrants issued in connection with option grants under the 2004 Equity Incentive Plan will be transferable only by will or intestacy. See "Description of Capital Stock—5-Year Warrants."

In connection with our election to be regulated as a business development company, the exercise price for all of our outstanding 1-year warrants and 5-year warrants, including those granted under the 2004 Equity Incentive Plan, was reduced to $10.57 per share, the net asset value per share of our common stock on the date of determination, as adjusted in accordance with the terms of such warrants. All 1-year warrants, including those

outstanding under the 2004 Equity Incentive Plan, that were not exercised in connection with our election to be regulated as a business development company were canceled. In addition, 5-year warrants, including those granted under the 2004 Equity Incentive Plan, to purchase an aggregate of 597,196 shares of our common stock were canceled pro rata among holders of 5-year warrants and 298,598 shares of our common stock were simultaneously issued to such holders at a rate of one share of common stock for two 5-year warrants so cancelled, in each case in accordance with the terms of such warrants. Following our election to be regulated as a business development company, 5-year warrants to purchase an aggregate of 673,223 shares of our common stock remained outstanding at an exercise price per share equal to $10.57. We do not anticipate issuing any additional warrants under the 2004 Equity Incentive Plan.

Options granted under the 2004 Equity Incentive Plan will entitle the optionee, upon exercise, to purchase shares of common stock from us at a specified exercise price per share. ISOs must have a per share exercise price of no less than the fair market value of a share of stock on the date of the grant or, if the optionee owns or is treated as owning (under Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of our stock, 110% of the fair market value of a share of stock on the date of the grant. Nonstatutory stock options granted under the 2004 Equity Incentive Plan must have a per share exercise price of no less than the fair market value of a share of stock on the date of the grant. Options will not be transferable other than by laws of descent and distribution, or in the case of nonstatutory stock options, by gift, and will generally be exercisable during an optionee's lifetime only by the optionee.

Our compensation committee administers the 2004 Equity Incentive Plan and has the authority, subject to the provisions of the 2004 Equity Incentive Plan, to determine who will receive awards under the 2004 Equity Incentive Plan and the terms of such awards. Our compensation committee will have the authority to adjust the number of shares available for awards, the number of shares subject to outstanding awards and the exercise price for awards following the occurrence of events such as stock splits, dividends, distributions and recapitalizations. The exercise price of an option may be paid in the form of shares of stock that are already owned by such optionholder.

Upon specified covered transactions (as defined in the 2004 Equity Incentive Plan), all outstanding awards under the 2004 Equity Incentive Plan may either be assumed or substituted for by the surviving entity. If the surviving entity does not assume or substitute similar awards, the awards held by the participants will be accelerated in full and then terminated to the extent not exercised prior to the covered transaction.

Awards under the 2004 Equity Incentive Plan will be granted to our executive officers and other employees as determined by our compensation committee at the time of each issuance. In connection with this offering, we expect that our compensation committee will approve the grant of:

- options to purchase an aggregate of 266,000 shares common stock to our officers and employees other than Messrs. Henriquez, Howard, Harvey and Wolf;
- an option to Mr. Henriquez to purchase 605,000 shares of common stock;
- an option to Mr. Howard to purchase 32,000 shares of common stock;
- an option to Mr. Harvey to purchase 141,000 shares of common stock; and
- an option to Mr. Wolf to purchase 146,000 shares of common stock.

The exercise price per share for all such options will be equal to the public offering price of our common stock in this offering. Including the foregoing anticipated grants, the outstanding options granted to our executive officers and other employees will represent approximately 11.8% of our fully-diluted equity capitalization following completion of this offering. We expect that, subject to compliance with applicable regulations governing business development companies, we will grant additional awards to our officers and employees following the closing of this offering. The options and warrants granted to our executive officers and employees

in connection with this offering (including those granted following the closing of this offering described in the preceding sentence) will generally vest over a three-year period, one-third after one year and monthly thereafter. We expect that any options granted to our non-employee directors will generally vest over two years, in equal installments on each of the first two anniversaries of the date of grant, subject to our receipt of exemptive relief from the SEC.

Option Grants to Non-Employee Directors

Under current SEC rules and regulations applicable to business development companies, a business development company may not grant options to non-employee directors. In connection with this offering, we expect to apply for exemptive relief from the SEC to permit us to grant options to purchase shares of our common stock to our non-employee directors as a portion of their compensation for service on our board of directors. We cannot provide any assurance that we will receive any exemptive relief from the SEC.

Dividend Equivalent Rights

Under current SEC rules and regulations applicable to business development companies, a business development company may not grant dividend equivalent rights. Dividend equivalent rights allow an optionholder to receive the economic value of dividends on the stock underlying the options prior to exercise of the option. Following this offering, we expect to apply for exemptive relief from the SEC to permit us to grant dividend equivalent rights to our optionholders. However, we are not aware of the SEC granting exemptive relief to a business development company relating to dividend equivalent rights, and we cannot provide any assurance that we will receive any such exemptive relief from the SEC. If the SEC does not grant us exemptive relief, we will evaluate alternative incentive plan arrangements.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In December 2003, we entered into an engagement letter with JMP Securities LLC, the lead underwriter in this offering. The engagement letter expired on June 16, 2004. Pursuant to the engagement letter, we offered to JMP Securities LLC the opportunity to act as the initial purchaser and placement agent in connection with our June 2004 private offering. As compensation for the services rendered, we agreed to pay to JMP Securities LLC an aggregate amount equal to 7% of the gross proceeds of the private offering, subject to limited exceptions in connection with sales of our securities to persons affiliated with us. In addition, we agreed to reimburse JMP Securities LLC, upon its request, for up to $150,000 of its reasonable out-of-pocket expenses. In accordance with the foregoing, we paid $1,343,619 in placement fees to JMP Securities LLC in connection with our June 2004 private placement. We have agreed to indemnify JMP Securities LLC, its affiliates and other related parties against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that such persons may be required to make for these liabilities.

The engagement letter also provides that if we pursue an offering of our equity securities, including this offering, during the one year period following the closing of our June 2004 private offering, JMP Securities LLC will have, subject to certain limitations, a right of first refusal to act as lead managing underwriter in such offering and shall be entitled to receive, as compensation therefor, a market-rate underwriting fee, not to exceed 7% of the gross proceeds of any public offering, or a placement fee equal to 6% of the gross proceeds of any private offering. This right of first refusal will terminate upon completion of this offering.

In February 2004, we issued and sold 400 shares of our Series A-1 preferred stock to JMP Group LLC, the ultimate parent entity of JMP Securities LLC, for an aggregate purchase price of $2.5 million and, in connection with such sale, we paid a $175,000 placement fee to JMP Securities LLC. In addition, we issued and sold 100 shares of our Series A-2 preferred stock to an entity related to Mr. Henriquez for an aggregate purchase price of $125,000, and we issued and sold 100 shares of our Series A-2 preferred stock to Mr. Howard for an aggregate purchase price of $125,000. Our Series A-1 preferred stock held a liquidation preference over our Series A-2 preferred stock and also carried separate, preferential voting rights. In June 2004, each share of Series A-1 preferred stock and Series A-2 preferred stock was exchanged for 208.3333 units with the same terms as the units sold in our June 2004 private offering.

In connection with the issuance of our Series A-1 preferred stock and Series A-2 preferred stock, we entered into a registration rights agreement with the holders of our Series A-1 preferred stock and Series A-2 preferred stock. In June 2004, in connection with the conversion of the Series A preferred stock, the registration rights agreement entered into in connection with the issuance of our preferred stock was terminated and the shares of our common stock issued upon conversion were included in the registration rights agreement entered into in connection with our June 2004 private offering. See “Description of Capital Stock—Registration Rights.”

We have entered into a letter agreement with Farallon Capital Management, L.L.C. that provides that until such time as investment funds controlled by Farallon Capital Management, L.L.C. beneficially own less than 10% of our outstanding common stock, Farallon Capital Management, L.L.C. will have the right to recommend one person to our nominating committee for consideration as a nominee to our board of directors, provided that such person would not be considered an “interested person” of the Company under the 1940 Act. The letter agreement also provides that if, after a shelf registration statement filed in accordance with the requirements of the registration rights agreement entered into in connection with our June 2004 private offering is declared effective, investment funds controlled by Farallon Capital Management, L.L.C. acquire registrable securities (or warrants that are then eligible for registration under such shelf registration statement) with an aggregate market value in excess of $1 million, then we will, subject to certain provisions of the registration rights agreement, prepare and file a supplement or post-effective amendment to such shelf registration statement following receipt of a written request therefor from Farallon Capital Management, L.L.C. Such right will terminate when those registrable securities are eligible for resale by Farallon Capital Management, L.L.C. without volume limitation under Rule 144(k) under the Securities Act. Under the terms of the letter agreement, we have also agreed that prior to the date that is two years after certain investment funds controlled by Farallon Capital Management, L.L.C. cease to own at least 10% of our outstanding common stock and without the written consent of Farallon

Capital Management, L.L.C., we will not (i) take any action to alter or repeal the resolution adopted by our board exempting from the Business Combination Act any business combination between us and certain investment funds managed by Farallon Capital Management, L.L.C. in a manner that would make the Business Combination Act applicable to acquisitions of our stock by such investment funds or (ii) amend the applicable provision of our bylaws in a manner that would make the Control Share Acquisition Act applicable to an acquisition of the Company's common stock by investment funds controlled by Farallon Capital Management, L.L.C.

We have also entered into a letter agreement with JMP Asset Management LLC that provides that until such time as investment funds controlled by JMP Asset Management LLC beneficially own less than 10% of our outstanding common stock, JMP Asset Management LLC will have the right to recommend two people to our nominating committee for consideration as nominees to our board of directors, provided that such persons would not be considered "interested persons" of the Company under the 1940 Act. The letter agreement also provides that if, after a shelf registration statement filed in accordance with the requirements of the registration rights agreement entered into in connection with our June 2004 private offering is declared effective, investment funds controlled by JMP Asset Management LLC acquire registrable securities (or warrants that are then eligible for registration under such shelf registration statement) with an aggregate market value in excess of $1 million, then we will, subject to certain provisions of the registration rights agreement, prepare and file a supplement or post-effective amendment to such shelf registration statement following receipt of a written request therefor from JMP Asset Management LLC. Such right will terminate when those registrable securities are eligible for resale by JMP Asset Management LLC without volume limitation under Rule 144(k) under the Securities Act. Under the terms of the letter agreement, we have also agreed that prior to the date that is two years after certain investment funds controlled by JMP Asset Management LLC cease to own at least 10% of our outstanding common stock and without the written consent of JMP Asset Management LLC that we will not (i) take any action to alter or repeal the resolution adopted by our board exempting from the Business Combination Act any business combination between us and certain investment funds managed by JMP Asset Management LLC in a manner that would make the Business Combination Act applicable to acquisitions of our stock by such investment funds or (ii) amend the applicable provision of our bylaws in a manner that would make the Control Share Acquisition Act applicable to an acquisition of the Company's common stock by investment funds controlled by JMP Asset Management LLC.

In connection with our June 2004 private offering, we agreed to obtain the approval of each of JMP Asset Management LLC and Farallon Capital Management, L.L.C. for each investment made by us. Though this arrangement was terminated in connection with our election to be regulated as a business development company, under the terms of the letter agreements described above, we have agreed to indemnify, to the maximum extent permitted by Maryland law and the 1940 Act, representatives of JMP Asset Management LLC and Farallon Capital Management, L.L.C. in connection with their activities in evaluating our investment opportunities prior to our election to be regulated as a business development company on terms similar to those afforded to our directors and officers under our charter and bylaws.

In accordance with a letter agreement dated June 22, 2004 between us and JMP Group LLC, in January 2005 we issued and sold 72,000 units to funds managed by JMP Asset Management LLC at a price equal to $30.00 per unit, less a $2.10 initial purchaser's discount per unit.

On April 12, 2005, we entered into our bridge loan credit facility with Alcmene Funding, LLC, a special purpose entity affiliated with Farallon Capital Management, L.L.C., one of our significant stockholders. See "Obligations and Indebtedness—Bridge Financing." In connection with the closing of the bridge loan credit facility, we paid a $500,000 upfront fee and will be obligated to pay additional fees under the terms of the facility.

In August 2000, Mr. Henriquez acquired an interest in JMP Group LLC, the ultimate parent entity of our lead underwriter. Mr. Henriquez's interest represents approximately 0.1% of the fully-diluted equity of JMP Group LLC.

CONTROL PERSONS AND PRINCIPAL STOCKHOLDERS

After this offering, no person will be deemed to control us, as such term is defined in the 1940 Act.

The following table sets forth, as of April 30, 2005, information with respect to the beneficial ownership of our common stock by:

- each person known to us to beneficially own more than 5% of the outstanding shares of our common stock;
- each of our directors and each executive officers; and
- all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. Common stock subject to options or warrants that are currently exercisable or exercisable within 60 days of April 30, 2005 are deemed to be outstanding and beneficially owned by the person holding such options or warrants. Such shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Percentage of beneficial ownership is based on (i) 3,801,965 shares of common stock outstanding as of April 30, 2005 (which gives effect to the exercise of 1-year warrants to purchase an aggregate 1,175,963 shares of our common stock, the cancellation of outstanding 5-year warrants to purchase an aggregate of 597,196 shares of our common stock and the related issuance of 298,598 shares of our common stock at a rate of one share of common stock for every two warrants to purchase one share of common stock so cancelled, in each case in connection with our election to be regulated as a business development company as provided for in the agreements governing those warrants), and (ii) 9,801,965 shares of common stock to be outstanding after the offering.

Unless otherwise indicated, to our knowledge, each stockholder listed below has sole voting and investment power with respect to the shares beneficially owned by the stockholder, except to the extent authority is shared by spouses under applicable law, and maintains an address of c/o Hercules Technology Growth Capital, Inc., 525 University Avenue, Suite 700, Palo Alto, California 94301.

	Shares of Common Stock Beneficially Owned		
Name and Address	**Number Of Shares**	**Percentage of Class Before Offering**	**Percentage of Class After Offering**
Principal Stockholders:			
JMP Group LLC (1) 600 Montgomery Street, Suite 1100 San Francisco, CA 94111	1,085,564	27.4%	10.9%
Farallon Capital Management, L.L.C. (2) One Maritime Plaza, Suite 1325 San Francisco, CA 94111	941,240	23.9%	9.5%
Cornell Place, LLC (3) 225 Broadway, 15th Floor New York, NY 10007	627,496	16.1%	6.3%
Jolson 1996 Trust (4)	376,497	9.8%	3.8%
Gruber & McBaine Capital Management, LLC (5) 50 Osgood Place San Francisco, CA 94133	313,752	8.2%	3.2%
Willow Creek Capital Partners, LP (6) 300 Drake's Landing, Suite 230 Greenbrae, CA 94904	230,412	6.0%	2.3%

Name and Address	Shares of Common Stock Beneficially Owned		
	Number Of Shares (1)	Percentage of Class Before Offering	Percentage of Class After Offering
Directors and Executive Officers			
Manuel A. Henriquez (7)	533,372	13.3%	5.3%
Dennis P. Wolf	—	—	—
Glen C. Howard (8)	244,867	6.3%	2.5%
H. Scott Harvey (9)	23,933	*	*
Allyn C. Woodward, Jr.	—	—	—
Joseph W. Chow (10)	5,647	*	*
All directors and executive officers as a group (6 persons) (11)	807,819	19.7%	8.0%

* Less than 1%.

(1) Includes 152,797 shares of common stock that can be acquired upon the exercise of outstanding 5-year warrants. JMP Group LLC may be deemed to beneficially own shares of our common stock, including shares of common stock issuable upon the exercise of outstanding 5-year warrants, held of record by certain investment funds for which its wholly-owned subsidiary, JMP Asset Management LLC, acts as either general partner or investment adviser. JMP Group LLC and JMP Asset Management LLC each disclaim beneficial ownership of all shares held of record by the funds to the extent attributable to partnership or equity interests therein held by persons other than JMP Group LLC, JMP Asset Management LLC, or their affiliates. Joseph A. Jolson serves as Chief Executive Officer of JMP Group LLC.

(2) Includes 132,480 shares of common stock that can acquired upon the exercise of outstanding 5-year warrants. Farallon Capital Management, L.L.C. may be deemed to beneficially own shares of our common stock, including shares of common stock issuable upon the exercise of outstanding 5-year warrants, held of record by certain investment funds affiliated with Farallon Capital Management, L.L.C.

(3) Includes 88,323 shares of common stock that can acquired upon the exercise of outstanding 5-year warrants.

(4) Includes 323,503 shares of our common stock and 52,994 shares of our common stock that can be acquired upon the exercise of outstanding 5-year warrants held by the Jolson 1996 Trust. Joseph A. Jolson serves as the trustee of the Jolson 1996 Trust and, as a result, may be deemed to beneficially own such shares of common stock, including such 5-year warrants to purchase shares of common stock. This does not include 54,996 shares of our common stock and 9,008 shares of our common stock that can be acquired upon the exercise of outstanding 5-year warrants held by The Jolson Family Foundation. Mr. Jolson may be deemed to beneficially own the shares of common stock, including the 5-year warrants to purchase shares of common stock held of record by The Jolson Family Foundation, for which he serves as the President. Mr. Jolson disclaims beneficial ownership of all such shares held by The Jolson Family Foundation.

(5) Includes 44,159 shares of common stock that can be acquired upon the exercise of outstanding 5-year warrants. Gruber & McBaine Capital Management, LLC may be deemed to beneficially own shares of our common stock, including shares of common stock issuable upon the exercise of outstanding 5-year warrants, held of record by certain investment funds for which Gruber & McBaine Capital Management, LLC acts as general partner and certain affiliates of Gruber & McBaine Capital Management, LLC.

(6) Includes 74,501 shares of our common stock and 17,663 shares of our common stock that can be acquired upon the exercise of outstanding 5-year warrants held by Willow Creek Capital Partners, LP, and includes 111,752 shares of common stock and 26,496 shares of common stock that can acquired upon the exercise of outstanding 5-year warrants held by Willow Creek Offshore Fund.

(7) Includes 75,075 shares of common stock that can be acquired upon the exercise of outstanding 5-year warrants and 125,000 shares of common stock that can be acquired upon the exercise of outstanding options. Includes shares of our common stock and 5-year warrants held by certain trusts controlled by Mr. Henriquez.

(8) Includes 34,466 shares of common stock that can be acquired upon the exercise of outstanding 5-year warrants and 48,077 shares of common stock that can be acquired upon the exercise of outstanding options. Includes shares of our common stock and 5-year warrants held by The Howard Family Trust.

(9) Includes 4,279 shares of common stock that can be acquired upon the exercise of outstanding 5-year warrants and 12,821 shares of common stock that can be acquired upon the exercise of outstanding options.

(10) Includes 794 shares of common stock that can be acquired upon the exercise of outstanding 5-year warrants.

(11) Includes 114,614 shares of common stock that can be acquired upon the exercise of outstanding 5-year warrants and 185,898 shares of common stock that can be acquired upon the exercise of outstanding options.

The following table sets forth the dollar range of our securities owned by our directors and employees primarily responsible for the day-to-day management of our investment portfolio.

Name	Dollar Range of Equity Securities in the Company	Aggregate Dollar Range of Equity Securities in all Registered Investment Companies Overseen By Director in Family of Investment Companies
Independent Directors		
Joseph W. Chow	$10,001-$50,000	$10,001-$50,000
Allyn C. Woodward, Jr.	—	—
Interested Director/Portfolio Management Employee		
Manuel A. Henriquez	over $1,000,000	over $1,000,000
Portfolio Management Employees		
Dennis P. Wolf(1)	—	—
Glen C. Howard	over $1,000,000	over $1,000,000
H. Scott Harvey	$50,001-$100,000	$50,001-$100,000

(1) Mr. Wolf joined the company in April 2005.

DETERMINATION OF NET ASSET VALUE

We determine the net asset value per share of our common stock quarterly. The net asset value per share is equal to the value of our total assets minus liabilities and any preferred stock outstanding divided by the total number of shares of common stock outstanding. As of the date of this prospectus, we do not have any preferred stock outstanding.

At March 31, 2005, approximately 78% of our total assets were invested in portfolio companies, which are recorded at fair value. Value, as defined in Section 2(a)(41) of 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. Since there is typically no readily available market value for the investments in our portfolio, we value substantially all of our investments at fair value as determined in good faith by the board of directors pursuant to a valuation policy and a consistent valuation process. Because of the inherent uncertainty of 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 the board of directors may differ significantly from the values that would have been used had a ready market existed for the investments, and the differences could be material.

There is no single standard for determining fair value in good faith. As a result, determining fair value requires that judgment be applied to the specific facts and circumstances of each portfolio investment. Unlike banks, we are not permitted to provide a general reserve for anticipated loan losses. Instead, we must determine the fair value of each individual investment on a quarterly basis. We will record unrealized depreciation on investments when we believe that an investment has decreased in value, including where collection of a loan or realization of an equity security is doubtful. Conversely, we will record unrealized appreciation if we believe that the underlying portfolio company has appreciated in value and, therefore, our investment has also appreciated in value, where appropriate.

As a business development company, we invest primarily in illiquid securities including debt and equity-related securities of private companies. Our investments are generally subject to some restrictions on resale and generally have no established trading market. Because of the type of investments that we make and the nature of our business, our valuation process requires an analysis of various factors. Our valuation methodology includes the examination of, among other things, the underlying investment performance, financial condition and market changing events that impact valuation.

With respect to private debt and equity-related securities, each investment is valued using industry valuation benchmarks, and, where appropriate, equity values are assigned a discount reflecting the illiquid nature of the investment, and our minority, non-control position. When a qualifying external event such as a significant purchase transaction, public offering, or subsequent debt or equity sale occurs, the pricing indicated by the external event will be used to corroborate our private debt or equity valuation. Securities that are traded in the over-the-counter market or on a stock exchange generally will be valued at the prevailing bid price on the valuation date. However, restricted or thinly traded public securities may be valued at discounts from the public market value due to the restrictions on sale.

DIVIDEND REINVESTMENT PLAN

We have adopted a dividend reinvestment plan (the "DRP"), through which all dividend distributions are paid to our stockholders in the form of additional shares of our common stock, unless a stockholder elects to receive cash as provided below. In this way, a stockholder can maintain an undiluted investment in our common stock and still allow us to pay out the required distributable income.

No action is required on the part of a registered stockholder to receive a dividend distribution in shares of our common stock. A registered stockholder may elect to receive an entire dividend distribution in cash by notifying American Stock Transfer & Trust Company, the plan administrator and our transfer agent and registrar, in writing so that such notice is received by the plan administrator no later than 10 days prior to the record date for dividend distributions to stockholders. The plan administrator will set up an account for shares acquired through the DRP for each stockholder who has not elected to receive distributions in cash (each a "Participant") and hold such shares in non-certificated form. Upon request by a Participant, received in writing not less than 10 days prior to the record date, the plan administrator will, instead of crediting shares to the Participant's account, issue a certificate registered in the Participant's name for the number of whole shares of our common stock and a check for any fractional share.

Those stockholders whose shares are held by a broker or other financial intermediary may receive distributions in cash by notifying their broker or other financial intermediary of their election.

We expect to use primarily newly-issued shares to implement the DRP, whether our shares are trading at a premium or at a discount to net asset value. The number of shares to be issued to a stockholder is determined by dividing the total dollar amount of the dividend distribution payable to such stockholder by the market price per share of our common stock at the close of regular trading on the Nasdaq National Market on the valuation date for such dividend distribution. Market price per share on that date will be the closing price for such shares on the Nasdaq National Market or, if no sale is reported for such day, at the average of their electronically-reported bid and asked prices. The number of shares of our common stock to be outstanding after giving effect to payment of the distribution cannot be established until the value per share at which additional shares will be issued has been determined and elections of our stockholders have been tabulated.

There is no charge to our stockholders for receiving their dividend distributions in the form of additional shares of our common stock. The plan administrator's fees for handling dividend distributions in stock are paid by us. There are no brokerage charges with respect to shares we have issued directly as a result of dividend distributions payable in stock. If a Participant elects by written or telephonic notice to the plan administrator to have the plan administrator sell part or all of the shares held by the plan administrator in the Participant's account and remit the proceeds to the Participant, the plan administrator is authorized to deduct a $15.00 transaction fee plus brokerage commissions from the proceeds.

Stockholders who receive dividend distributions in the form of stock are subject to the same federal, state and local tax consequences as are stockholders who elect to receive their dividend distributions in cash. A stockholder's basis for determining gain or loss upon the sale of stock received in a dividend distribution from us will be equal to the total dollar amount of the dividend distribution payable to the stockholder.

The DRP may be terminated by us upon notice in writing mailed to each Participant at least 30 days prior to any record date for the payment of any dividend distribution by us. All correspondence concerning the DRP, including requests for additional information, should be directed to the plan administrator by mail at American Stock Transfer & Trust Company, Attn: Dividend Reinvestment Department, P.O. Box 922, Wall Street Station, New York, NY 10269-0560 or by phone at 1-866-669-9888.

REGULATION

We have elected to be treated as a business development company under the 1940 Act and intend to elect to be treated as a RIC under Subchapter M of the Code on or prior to January 1, 2006. A business development company is a unique kind of investment company that primarily focuses on investing in or lending to private companies and making managerial assistance available to them. A business development company provides stockholders with the ability to retain the liquidity of a publicly-traded stock, while sharing in the possible benefits of investing in emerging-growth or expansion-stage privately-owned companies. The 1940 Act contains prohibitions and restrictions relating to transactions between business development companies and their directors and officers and principal underwriters and certain other related persons and requires that a majority of the directors be persons other than "interested persons," as that term is defined in the 1940 Act. In addition, the 1940 Act provides that we may not change the nature of our business so as to cease to be, or to withdraw our election as, a business development company unless approved by a majority of our outstanding voting securities. A majority of the outstanding voting securities of a company is defined under the 1940 Act as the lesser of: (i) 67% or more of such company's shares present at a meeting if more than 50% of the outstanding shares of such company are present or represented by proxy, or (ii) more than 50% of the outstanding shares of such company.

Qualifying Assets

Under the 1940 Act, a business development company may not acquire any asset other than assets of the type listed in Section 55(a) of the 1940 Act, or "qualifying assets," unless, at the time the acquisition is made, qualifying assets represent at least 70% of the company's total assets. The principal categories of qualifying assets relevant to our business are the following:

- Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions) is an eligible portfolio company, or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company. An "eligible portfolio company" is defined in the 1940 Act as any issuer which:
  - is organized under the laws of, and has its principal place of business in, the United States;
  - is not an investment company (other than a small business investment company wholly-owned by the business development company) or a company that would be an investment company but for certain exclusions under the 1940 Act; and
  - satisfies any of the following:
    - does not have any class of securities with respect to which a broker or dealer may extend margin credit;
    - is controlled by a business development company or a group of companies including a business development company and the business development company has an affiliated person who is a director of the eligible portfolio company; or
    - is a small and solvent company having total assets of not more than $4 million and capital and surplus of not less than $2 million.
- Securities of any eligible portfolio company that we control.
- Securities purchased in a private transaction from a U.S. issuer that is not an investment company and is in bankruptcy and subject to reorganization.
- Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities and we already own 60% of the outstanding equity of the eligible portfolio company.

- Securities received in exchange for or distributed on or with respect to securities described above, or pursuant to the conversion of warrants or rights relating to such securities.
- Cash, cash equivalents, U.S. government securities or high-quality debt securities maturing in one year or less from the time of investment.

Significant Managerial Assistance

A business development company must have been organized and have its principal place of business in the United States and must be operated for the purpose of making investments in the types of securities described above. However, in order to count portfolio securities as qualifying assets for the purpose of the 70% test, the business development company must either control the issuer of the securities or must offer to make available to the issuer of the securities (other than small and solvent companies described above) significant managerial assistance; except that, where the business development company purchases such securities in conjunction with one or more other persons acting together, one of the other persons in the group may make available such managerial assistance. Making available significant managerial assistance means, among other things, any arrangement whereby the business development company, through its directors, officers or employees, offers to provide, and, if accepted, does so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company through monitoring of portfolio company operations, selective participation in board and management meetings, consulting with and advising a portfolio company's officers or other organizational or financial guidance.

Temporary Investments

Pending investment in other types of qualifying assets, as described above, our investments may consist of cash, cash equivalents, U.S. government securities or high quality debt securities maturing in one year or less from the time of investment, which we refer to, collectively, as temporary investments, so that 70% of our assets are qualifying assets. Typically, we will invest in U.S. treasury bills or in repurchase agreements, provided that such agreements are fully collateralized by cash or securities issued by the U.S. government or its agencies. A repurchase agreement involves the purchase by an investor, such as us, of a specified security and the simultaneous agreement by the seller to repurchase it at an agreed upon future date and at a price which is greater than the purchase price by an amount that reflects an agreed-upon interest rate. There is no percentage restriction on the proportion of our assets that may be invested in such repurchase agreements. However, if more than 25% of our total assets constitute repurchase agreements from a single counterparty, we would not meet the diversification tests imposed on us by the Code in order to qualify as a RIC for federal income tax purposes. Thus, we do not intend to enter into repurchase agreements with a single counterparty in excess of this limit. We will monitor the creditworthiness of the counterparties with which we enter into repurchase agreement transactions.

Senior Securities; Coverage Ratio

We will be permitted, under specified conditions, to issue multiple classes of indebtedness and one class of stock senior to our common stock if our asset coverage, as defined in the 1940 Act, is at least equal to 200% immediately after each such issuance. In addition, while any senior securities remain outstanding, we must make provisions to prohibit any dividend distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the dividend distribution or repurchase. We may also borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes. For a discussion of the risks associated with the resulting leverage, see "Risk Factors—If we incur debt, it could increase the risk of investing in our company."

Code of Ethics

We have adopted and will maintain a code of ethics pursuant to Rule 17j-1 under the 1940 Act that establishes procedures for personal investments and restricts certain personal securities transactions. Personnel subject to the code may invest in securities for their personal investment accounts, including securities that may be purchased or held by us, so long as such investments are made in accordance with the code's requirements. Our code of ethics will generally not permit investments by our employees in securities that may be purchased or held by us. We may be prohibited under the 1940 Act from conducting certain transactions with our affiliates without the prior approval of our directors who are not interested persons and, in some cases, the prior approval of the SEC.

Our code of ethics is filed as an exhibit to the registration statement of which this prospectus forms a part. You may read and copy the code of ethics at the SEC's Public Reference Room in Washington, D.C. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-202-942-8090. In addition, the code of ethics is available on the EDGAR Database on the SEC's Internet site at http://www.sec.gov. You may obtain copies of the code of ethics, after paying a duplicating fee, by electronic request at the following email address: publicinfo@sec.gov, or by writing the SEC's Public Reference Section, Washington, D.C. 20549.

Privacy Principles

We are committed to maintaining the privacy of our stockholders and safeguarding their non-public personal information. The following information is provided to help you understand what personal information we collect, how we protect that information and why, in certain cases, we may share information with select other parties.

Generally, we do not receive any non-public personal information relating to our stockholders, although certain non-public personal information of our stockholders may become available to us. We do not disclose any non-public personal information about our stockholders or former stockholders to anyone, except as permitted by law or as is necessary in order to service stockholder accounts (for example, to a transfer agent).

We restrict access to non-public personal information about our stockholders to our employees with a legitimate business need for the information. We maintain physical, electronic and procedural safeguards designed to protect the non-public personal information of our stockholders.

Proxy Voting Policies and Procedures

We vote proxies relating to our portfolio securities in the best interest of our stockholders. We review on a case-by-case basis each proposal submitted to a stockholder vote to determine its impact on the portfolio securities held by us. Although we generally vote against proposals that may have a negative impact on our portfolio securities, we may vote for such a proposal if there exists compelling long-term reasons to do so.

Our proxy voting decisions are made by our investment committee, which is responsible for monitoring each of our investments. To ensure that our vote is not the product of a conflict of interest, we require that: (i) anyone involved in the decision making process disclose to our Chief Compliance Officer any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote; and (ii) employees involved in the decision making process or vote administration are prohibited from revealing how we intend to vote on a proposal in order to reduce any attempted influence from interested parties.

Exemptive Relief

In connection with this offering, we expect to file a request with the SEC for exemptive relief to allow us to take certain actions that would otherwise be prohibited by the 1940 Act, as applicable to business development companies. Specifically, although we cannot provide any assurance that we will receive any such exemptive relief, we expect to request that the SEC permit us to issue stock options to our non-employee directors as contemplated by Section 61(a)(3)(B)(i)(II) of the 1940 Act.

In addition, we expect to seek exemptive relief from the SEC to, permit us to exclude the indebtedness that our wholly-owned subsidiary, Hercules Technology II, L.P., which is seeking to be qualified as a small business investment company, issues to the Small Business Administration from the 200% asset coverage requirement applicable to us. On May 3, 2005 Hercules Technology II, L.P. filed an application with the Small Business Administration to become licensed as a small business investment company.

We may also request exemptive relief to permit us to grant dividend equivalent right to our optionholders and restricted stock awards to our officers and employees. However, there is no assurance that we will receive any such exemptive relief.

Other

We will be periodically examined by the SEC for compliance with the 1940 Act.

We are required to provide and maintain a bond issued by a reputable fidelity insurance company to protect us against larceny and embezzlement. Furthermore, as a business development company, we are prohibited from protecting any director or officer against any liability to our stockholders arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office.

We are required to adopt and implement written policies and procedures reasonably designed to prevent violation of the federal securities laws, review these policies and procedures annually for their adequacy and the effectiveness of their implementation. We have designated Mr. Harvey, our Chief Legal Officer, to be our Chief Compliance Officer to be responsible for administering these policies and procedures.

Small Business Administration Regulations

Hercules Technology II, L.P., our wholly-owned subsidiary, is seeking to be licensed by the Small Business Administration as a small business investment company under Section 301(c) of the Small Business Investment Act of 1958. The Small Business Investment Company regulations currently limit the amount that is available to borrow by any SBIC to $119 million.

Small business investment companies are designed to stimulate the flow of private equity capital to eligible small businesses. Under present Small Business Administration regulations, eligible small businesses include businesses that have a tangible net worth not exceeding $18 million and have average annual fully taxed net income not exceeding $6 million for the two most recent fiscal years. In addition, a small business investment company must devote 20% of its investment activity to "smaller" concerns as defined by the Small Business Administration. A smaller concern is one that has a tangible net worth not exceeding $6 million and has average annual fully taxed net income not exceeding $2 million for the two most recent fiscal years. Small Business Administration 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 Small Business Administration regulations, small business investment companies 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 our wholly-owned subsidiary Hercules Technology II, L.P., we plan to provide long-term loans to qualifying small businesses, and in connection therewith, make equity investments.

If we receive a small business investment company license, Hercules Technology II, L.P. will be periodically examined and audited by the Small Business Administration's staff to determine its compliance with small business investment company regulations.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a general summary of the material U.S. federal income tax considerations applicable to us and to an investment in our shares. This summary does not purport to be a complete description of the income tax considerations applicable to such an investment. For example, we have not described tax consequences that we assume to be generally known by investors or certain considerations that may be relevant to certain types of holders subject to special treatment under U.S. federal income tax laws, including stockholders subject to the alternative minimum tax, tax-exempt organizations, insurance companies, dealers in securities, pension plans and trusts, and financial institutions. This summary assumes that investors hold our common stock as capital assets (within the meaning of the Code). The discussion is based upon the Code, Treasury regulations, and administrative and judicial interpretations, each as in effect as of the date of this prospectus and all of which are subject to change, possibly retroactively, which could affect the continuing validity of this discussion. We have not sought and will not seek any ruling from the Internal Revenue Service regarding this offering. This summary does not discuss any aspects of U.S. estate or gift tax or foreign, state or local tax. It does not discuss the special treatment under U.S. federal income tax laws that could result if we invested in tax-exempt securities or certain other investment assets in which we do not currently intend to invest.

A "U.S. stockholder" generally is a beneficial owner of shares of our common stock who is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States including an alien individual who is a lawful permanent resident of the United States or meets the "substantial presence" test under Section 7701(b) of the Code;
- a corporation or other entity taxable as a corporation, for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any political subdivision thereof;
- a trust over which a court in the U.S. has primary supervision over its administration or over which U.S. persons have control; or
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source.

A "Non-U.S. stockholder" is a beneficial owner of shares of our common stock that is not a U.S. stockholder.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds shares of our common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A prospective stockholder who is a partner of a partnership holding shares of our common stock should consult his, her or its tax advisors with respect to the purchase, ownership and disposition of shares of our common stock.

Tax matters are very complicated and the tax consequences to an investor of an investment in our shares will depend on the facts of his, her or its particular situation. We encourage investors to consult their own tax advisors regarding the specific consequences of such an investment, including tax reporting requirements, the applicability of federal, state, local and foreign tax laws, eligibility for the benefits of any applicable tax treaty and the effect of any possible changes in the tax laws.

Our Taxation as a Corporation under Subchapter C of the Code and not as a Regulated Investment Company

Until such time as we elect to be treated and qualify as a RIC under Subchapter M of the Code, and for any other period in which we fail to qualify as a RIC, we will be taxed as a corporation under Subchapter C of the Code and will therefore be subject to corporate-level federal income tax on all of our income at regular corporate rates. We will not be able to deduct distributions to stockholders, nor will they be required to be made. We do not currently intend to make distributions to our stockholders unless we elect to be treated as a RIC. If we do make

any distributions prior to such election, such distributions to the extent of our current and accumulated earnings and profits would be taxable to our stockholders and, provided certain holding period and other requirements were met (if made in a taxable year beginning on or before December 31, 2008), could qualify for treatment as "qualified dividend income" eligible for the 15% maximum rate applicable to U.S. stockholders taxed as individuals. Subject to certain limitations under the Code, corporate distributees would be eligible for the dividends received deduction. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholder's tax basis, and any remaining distributions would be treated as a capital gain. If we elect to be treated as a RIC (or if we were to seek to requalify as a RIC in a subsequent taxable year), we would be required to satisfy the RIC qualification requirements for that year and to dispose of any earnings and profits from any year in which we were not (or in which we failed to qualify as) a RIC. In addition, as a RIC, we could be subject to tax on any unrealized net built-in gains in the assets held by us during the period in which we were not (or in which we failed to qualify as) a RIC that are recognized within the next 10 years, unless we made a special election to pay corporate-level tax on such built-in gain at the time of our RIC election or an exception applies. We may or may not make this election. If we do make the election, we will mark our portfolio to market at the time of our RIC election, pay tax on any resulting taxable income, and distribute resulting earnings at that time or before the end of the first tax year in which we qualify as a RIC. Except as stated otherwise, the remainder of this discussion assumes we will elect to be treated as a RIC.

Election to be Taxed as a Regulated Investment Company

As a business development company, we intend to elect to be treated as a RIC under Subchapter M of the Code on or before January 1, 2006. As a RIC, we generally will not have to pay corporate-level federal income taxes on any ordinary income or realized capital gains that we distribute to our stockholders as dividends. We may be required, however, to pay federal income taxes on gains built into our assets as of the effective date of our RIC election. See "Certain U.S. Federal Income Tax Consequences—Conversion to Regulated Investment Company Status." To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements (as described below), and we must distribute all of our earnings and profits for periods prior to our qualification as a RIC. In addition, in order to obtain the federal income tax benefits allowable to RICs, we must distribute to our stockholders, for each taxable year, at least 90% of our "investment company taxable income," which is generally our net ordinary income plus the excess, if any, of realized net short-term capital gains over realized net long-term capital losses (the "Annual Distribution Requirement").

Conversion to Regulated Investment Company Status

We intend to elect to be treated as a RIC under Subchapter M of the Code on or prior to January 1, 2006. Prior to the effective date of our RIC election, we will be taxable as a regular corporation under Subchapter C of the Code (a "C corporation"). We anticipate that, on the effective date of that election, we may hold assets (including intangible assets not reflected on the balance sheet, such as goodwill) with "built-in gain," which are assets whose fair market value as of the effective date of the election exceeds their tax basis. In general, a corporation that converts to taxation as a RIC must pay corporate level tax on any of the net built-in gains it recognizes during the 10-year period beginning on the effective date of its election to be treated as a RIC. Alternatively, the corporation may elect to recognize all of its built-in gain at the time of its conversion and pay tax on the built-in gain at that time. We may or may not make this election. Any such corporate level tax is payable at the time the built-in gains are recognized (which generally will be the years in which the built-in gain assets are sold in a taxable transaction). The amount of this tax will vary depending on the assets that are actually sold by us in this 10-year period, the actual amount of net built-in gain or loss present in those assets as of the effective date of our election to be treated as a RIC and effective tax rates. Recognized built-in gains that are ordinary in character and the excess of short-term capital gains over long-term capital losses will be included in our investment company taxable income, and generally we must distribute annually at least 90% of any such amounts (net of corporate taxes we pay on those gains) in order to be eligible for RIC tax treatment. Any such amount distributed likely will be taxable to stockholders as ordinary income. Built-in gains (net of taxes) that are recognized within the 10-year period and that are long-term capital gains likely will also be distributed (or deemed distributed) annually to our stockholders. Any such amount distributed (or deemed distributed) likely will be taxable to stockholders as capital gains. In order to

elect to be treated as a RIC prior to January 1, 2006, we would be required to change our tax year from a calendar year to a fiscal year. If we elect to do so, we may not be able to change our tax year back to a calendar year because of certain restrictions imposed by the Internal Revenue Service.

One requirement to qualify as a RIC is that, by the end of our first taxable year as a RIC, we must eliminate the earnings and profits accumulated while we were taxable as a C corporation. We intend to accomplish this by paying to our stockholders in the first quarter of the tax year for which we make a RIC election a cash dividend representing all of our accumulated earnings and profits for the period from our inception through the end of the prior tax year. As of March 31, 2005, we had no accumulated earnings and profits. The actual amount of that dividend will be based on a number of factors, including our results of operations through the end of the prior tax year. The dividend, if any, of our accumulated earnings and profits will be taxable to stockholders as ordinary income. The dividend will be in addition to the dividends we intend to pay (or be deemed to have distributed) during our 2006 tax year equal to our net income for that period.

Taxation as a Regulated Investment Company

For any taxable year in which we:

- qualify as a RIC; and
- satisfy the Annual Distribution Requirement;

we generally will not be subject to federal income tax on the portion of our investment company taxable income and net capital gain (*i.e.*, net realized long-term capital gains in excess of net realized short-term capital losses) we distribute to stockholders with respect to that year. (However, as described above, we will be subject to federal income taxes on certain dispositions of assets that had built-in gains as of the effective date of our conversion to RIC status (unless we elect to be taxed on such gains as of such date). In addition, if we subsequently acquire built-in gain assets from a C corporation in a carryover basis transaction, then we may be subject to tax on the gains recognized by us on dispositions of such assets unless we make a special election to pay corporate-level tax on such built-in gain at the time the assets were acquired.) We will be subject to U.S. federal income tax at the regular corporate rates on any income or capital gain not distributed (or deemed distributed) to our stockholders.

As a RIC, we will be subject to a 4% nondeductible federal excise tax on certain undistributed income unless we distribute in a timely manner an amount at least equal to the sum of (1) 98% of our ordinary income for each calendar year, (2) 98% 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 (the "Excise Tax Avoidance Requirement"). We will not be subject to excise taxes on amounts on which we are required to pay corporate income tax (such as retained net capital gains). We currently intend to make sufficient distributions each taxable year to satisfy the Excise Tax Avoidance Requirement.

In order to qualify as a RIC for federal income tax purposes, in addition to satisfying the Annual Distribution Requirement, we must, among other things:

- have in effect at all times during each taxable year an election to be regulated as a business development company under the 1940 Act;
- derive in each taxable year at least 90% of our gross income from (a) dividends, interest, payments with respect to certain securities loans, gains from the sale of stock or other securities, or other income derived with respect to our business of investing in such stock or securities and (b) net income derived from an interest in a "qualified publicly traded limited partnership" (the "90% Income Test"); and
- diversify our holdings so that at the end of each quarter of the taxable year:
  - at least 50% of the value of our assets consists of cash, cash equivalents, U.S. government securities, securities of other RICs, and other securities if such other securities of any one issuer do not represent more than 5% of the value of our assets or more than 10% of the outstanding voting securities of such issuer; and

- no more than 25% of the value of our assets is invested in the securities, other than U.S. government securities or securities of other RICs, of one issuer, securities of two or more issuers that are controlled, as determined under applicable tax rules, by us and that are engaged in the same or similar or related trades or businesses or securities of one or more "qualified publicly traded partnerships" (the "Diversification Tests").

We may be required to recognize taxable income in circumstances in which we do not receive cash. For example, if we hold debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments with payment-in-kind interest or, in certain cases, increasing interest rates or issued with warrants), we must include in income each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year. Because any original issue discount accrued will be included in our investment company taxable income for the year of accrual, we may be required to make a distribution to our stockholders in order to satisfy the Annual Distribution Requirement, even though we will not have received any corresponding cash amount.

Gain or loss realized by us from the sale or exchange of warrants acquired by us as well as any loss attributable to the lapse of such warrants generally will be treated as capital gain or loss. Such gain or loss generally will be long-term or short-term, depending on how long we held a particular warrant.

We are authorized to borrow funds and to sell assets in order to satisfy the Annual Distribution Requirement and the Excise Tax Avoidance Requirement (collectively, the "Distribution Requirements"). However, under the 1940 Act, we are not permitted to make distributions to our stockholders while our debt obligations and other senior securities are outstanding unless certain "asset coverage" tests are met. See "Regulation—Senior Securities; Coverage Ratio." Moreover, our ability to dispose of assets to meet the Distribution Requirements may be limited by (1) the illiquid nature of our portfolio, or (2) other requirements relating to our status as a RIC, including the Diversification Tests. If we dispose of assets in order to meet the Distribution Requirements, we may make such dispositions at times that, from an investment standpoint, are not advantageous.

Our transactions in options, futures contracts, hedging transactions, and forward contracts will be subject to special tax rules, the effect of which may be to accelerate income to us, defer losses, cause adjustments to the holding periods of our investments, convert long-term capital gains into short-term capital gains, convert short-term capital losses into long-term capital losses or have other tax consequences. These rules could affect the amount, timing and character of distributions to stockholders. We do not currently intend to engage in these types of transactions.

A RIC is limited in its ability to deduct expenses in excess of its "investment company taxable income" (which is, generally, ordinary income plus net short-term capital gains in excess of net long-term capital losses). If our expenses in a given year exceed investment company taxable income (e.g., as the result of large amounts of equity-based compensation), we would experience a net operating loss for that year. However, a RIC is not permitted to carry forward net operating losses to subsequent years. In addition, expenses can be used only to offset investment company taxable income, not net capital gain. Due to these limits on the deductibility of expenses, we may for tax purposes have aggregate taxable income for several years that we are required to distribute and that is taxable to our stockholders even if such income is greater than the aggregate net income we actually earned during those years. Such required distributions may be made from our cash assets or by liquidation of investments, if necessary. We may realize gains or losses from such liquidations. In the event we realize net capital gains from such transactions, you may receive a larger capital gain distribution than you would have received in the absence of such transactions.

Following the effective date of our election to be treated as a RIC, assuming we qualify as a RIC, our corporate-level federal income tax should be substantially reduced or eliminated, and, as explained above, a portion of our distributions or deemed distributions may be characterized as long-term capital gain in the hands of stockholders. See "Election to be Taxed as a Regulated Investment Company" above.

Except as otherwise provided, the remainder of this discussion assumes that we qualify as a RIC and have satisfied the Annual Distribution Requirement.

Taxation of U.S. Stockholders

For federal income tax purposes, distributions by us generally are taxable to U.S. stockholders as ordinary income or capital gains. Distributions of our "investment company taxable income" (which is, generally, our ordinary income plus net realized short-term capital gains in excess of net realized long-term capital losses) will be taxable as ordinary income to U.S. stockholders to the extent of our current or accumulated earnings and profits, whether paid in cash or reinvested in additional common stock. For taxable years beginning on or before December 31, 2008, to the extent such distributions paid by us are attributable to dividends from U.S. corporations and certain qualified foreign corporations, such distributions may be designated by us as "qualified dividend income" eligible to be taxed in the hands of non-corporate stockholders at the rates applicable to long-term capital gains, provided holding period and other requirements are met at both the stockholder and company levels. In this regard, it is anticipated that distributions paid by us generally will not be attributable to dividends and, therefore, generally will not be qualified dividend income. Distributions of our net capital gains (which is generally our realized net long-term capital gains in excess of realized net short-term capital losses) properly designated by us as "capital gain dividends" will be taxable to a U.S. stockholder as long-term capital gains (currently at a maximum rate of 15%) in the case of individuals, trusts or estates, regardless of the U.S. stockholder's holding period for his, her or its common stock and regardless of whether paid in cash or reinvested in additional common stock. Distributions in excess of our current and accumulated earnings and profits first will reduce a U.S. stockholder's adjusted tax basis in such stockholder's common stock and, after the adjusted basis is reduced to zero, will constitute capital gains to such U.S. stockholder.

We currently intend to retain some or all of our realized net long-term capital gains in excess of realized net short-term capital losses, but to designate the retained net capital gain as a "deemed distribution." In that case, among other consequences, we will pay tax on the retained amount, each U.S. stockholder will be required to include his, her or its share of the deemed distribution in income as if it had been actually distributed to the U.S. stockholder, and the U.S. stockholder will be entitled to claim a credit equal to his, her or its allocable share of the tax paid thereon by us. The amount of the deemed distribution net of such tax will be added to the U.S. stockholder's cost basis for his, her or its common stock. Since we expect to pay tax on any retained net capital gains at our regular corporate tax rate, and since that rate is in excess of the maximum rate currently payable by individuals on long-term capital gains, the amount of tax that individual stockholders will be treated as having paid and for which they will receive a credit will exceed the tax they owe on the retained net capital gain. Such excess generally may be claimed as a credit against the U.S. stockholder's other federal income tax obligations or may be refunded to the extent it exceeds a stockholder's liability for federal income tax. A stockholder that is not subject to federal income tax or otherwise required to file a federal income tax return would be required to file a federal income tax return on the appropriate form in order to claim a refund for the taxes we paid. For federal income tax purposes, the tax basis of shares owned by a stockholder will be increased by an amount equal under current law to the difference between the amount of undistributed capital gains included in the stockholder's gross income and the tax deemed paid by the stockholder as described in this paragraph. In order to utilize the deemed distribution approach, we must provide written notice to our stockholders prior to the expiration of 60 days after the close of the relevant taxable year. We cannot treat any of our investment company taxable income as a "deemed distribution." We may, in the future, make actual distributions to our stockholders of some or all of realized net long-term capital gains in excess of realized net short-term capital losses.

For purposes of determining (1) whether the Annual Distribution Requirement is satisfied for any year and (2) the amount of capital gain dividends paid for that year, we may, under certain circumstances, elect to treat a dividend that is paid during the following taxable year as if it had been paid during the taxable year in question. If we make such an election, the U.S. stockholder will still be treated as receiving the dividend in the taxable year in which the distribution is made. However, any dividend declared by us in October, November or December of any calendar year, payable to stockholders of record on a specified date in such a month and actually paid during January of the following year, will be treated as if it had been received by our U.S. stockholders on December 31 of the year in which the dividend was declared.

If an investor purchases shares of our common stock shortly before the record date of a distribution, the price of the shares will include the value of the distribution and the investor will be subject to tax on the distribution even though economically, it may represent a return of his, her or its investment.

A stockholder generally will recognize taxable gain or loss if the stockholder sells or otherwise disposes of his, her or its shares of our common stock. Any gain arising from such sale or disposition generally will be treated as long-term capital gain or loss if the stockholder has held his, her or its shares for more than one year. Otherwise, it will be classified as short-term capital gain or loss. However, any capital loss arising from the sale or disposition of shares of our common stock held for six months or less will be treated as long-term capital loss to the extent of the amount of capital gain dividends received, or undistributed capital gain deemed received, with respect to such shares. In addition, all or a portion of any loss recognized upon a disposition of shares of our common stock may be disallowed if other shares of our common stock are purchased (whether through reinvestment of distributions or otherwise) within 30 days before or after the disposition. In such a case, the basis of the newly purchased shares will be adjusted to reflect the disallowed loss.

For taxable years beginning on or before December 31, 2008, individual U.S. stockholders are subject to a maximum federal income tax rate of 15% on their net capital gain (*i.e.*, the excess of realized net long-term capital gain over realized net short-term capital loss for a taxable year) including any long-term capital gain derived from an investment in our shares. Such rate is lower than the maximum rate on ordinary income currently payable by individuals. Corporate U.S. stockholders currently are subject to federal income tax on net capital gain at the maximum 35% rate also applied to ordinary income. Non-corporate stockholders with net capital losses for a year (*i.e.*, capital losses in excess of capital gains) generally may deduct up to $3,000 of such losses against their ordinary income each year; any net capital losses of a non-corporate stockholder in excess of $3,000 generally may be carried forward and used in subsequent years as provided in the Code. Corporate stockholders generally may not deduct any net capital losses for a year, but may carry back such losses for three years or carry forward such losses for five years.

We will send to each of our U.S. stockholders, as promptly as possible after the end of each calendar year, a notice detailing, on a per share and per distribution basis, the amounts includible in such U.S. stockholder's taxable income for such year as ordinary income and as long-term capital gain. In addition, the federal tax status of each year's distributions generally will be reported to the Internal Revenue Service (including the amount of dividends, if any, eligible for the 15% "qualified dividend income" rate). Distributions may also be subject to additional state, local, and foreign taxes depending on a U.S. stockholder's particular situation. Dividends distributed by us generally will not be eligible for the corporate dividends-received deduction or the preferential rate applicable to "qualified dividend income."

We may be required to withhold federal income tax ("backup withholding"), currently at a rate of 28%, from all taxable distributions to any non-corporate U.S. stockholder (1) who fails to furnish us with a correct taxpayer identification number or a certificate that such stockholder is exempt from backup withholding, or (2) with respect to whom the Internal Revenue Service (the "IRS") notifies us that such stockholder has failed to properly report certain interest and dividend income to the IRS and to respond to notices to that effect. An individual's taxpayer identification number is his or her social security number. Any amount withheld under backup withholding is allowed as a credit against the U.S. stockholder's federal income tax liability, provided that proper information is provided to the IRS.

Under recently promulgated Treasury regulations, if a stockholder recognizes a loss with respect to our shares of $2 million or more for an individual stockholder or $10 million for a corporate stockholder, the stockholder must file with the IRS a disclosure statement on Form 8886. Direct stockholders of portfolio securities are in many cases excepted from this reporting requirement, but under current guidance, stockholders of a RIC are not excepted. Future guidance may extend the current exception from this reporting requirement to stockholders of most or all RICs. The fact that a loss is reportable under these regulations does not affect the legal determination of whether a taxpayer's treatment of the loss is proper. Stockholders should consult their tax advisors to determine the applicability of these regulations in light of their individual circumstances.

Taxation of Non-U.S. Stockholders

Whether an investment in the shares is appropriate for a Non-U.S. stockholder will depend upon that person's particular circumstances. An investment in the shares by a Non-U.S. stockholder may have adverse tax consequences. Non-U.S. stockholders should consult their tax advisors before investing in our common stock.

In general, dividend distributions (other than certain distributions derived from net long-term capital gains) paid by us to a Non-U.S. stockholder are subject to withholding of U.S. federal income tax at a rate of 30% (or lower applicable treaty rate) even if they are funded by income or gains (such as portfolio interest, short-term capital gains, or foreign-source dividend and interest income) that, if paid to a Non-U.S. stockholder directly, would not be subject to withholding. If the distributions are effectively connected with a U.S. trade or business of the Non-U.S. stockholder, (and, if an income tax treaty applies, attributable to a permanent establishment in the United States), we will not be required to withhold federal tax if the Non-U.S. stockholder complies with applicable certification and disclosure requirements, although the distributions will be subject to federal income tax at the rates applicable to U.S. stockholders. (Special certification requirements apply to a Non-U.S. stockholder that is a foreign partnership or a foreign trust and such entities are urged to consult their own tax advisors.)

For taxable years beginning prior to January 1, 2008, except as provided below, we generally will not be required to withhold any amounts with respect to certain distributions of (i) U.S.-source interest income, and (ii) net short-term capital gains in excess of net long-term capital losses, in each case to the extent we properly designate such distributions. We may or may not make any such designations. In respect of distributions described in clause (i) above, we will be required to withhold amounts with respect to distributions to a Non-U.S. stockholder:

- that has not provided a satisfactory statement that the beneficial owner is not a U.S. person;
- to the extent that the dividend is attributable to certain interest on an obligation if the Non-U.S. stockholder is the issuer or is a 10% stockholder of the issuer;
- that is within certain foreign countries that have inadequate information exchange with the United States; or
- to the extent the dividend is attributable to interest paid by a person that is a related person of the Non-U.S. stockholder and the Non-U.S. stockholder is a "controlled foreign corporation" for U.S. federal income tax purposes.

The cash dividend(s) we intend to pay to our stockholders representing all of our accumulated earnings and profits, if any, for the period from our inception through the effective date of our election to be treated as a RIC, generally will be taxable to Non-U.S. stockholders in the same manner as other dividend distributions described above.

Actual or deemed distributions of our net capital gains to a Non-U.S. stockholder, and gains realized by a Non-U.S. stockholder upon the sale of our common stock, will not be subject to federal withholding tax and generally will not be subject to federal income tax unless the distributions or gains, as the case may be, are effectively connected with a U.S. trade or business of the Non-U.S. stockholder (and, if an income tax treaty applies, are attributable to a permanent establishment maintained by the Non-U.S. stockholder in the U.S.), or in the case of an individual stockholder, the stockholder is present in the U.S. for a period or periods aggregating 183 days or more during the year of the sale or capital gain dividend and certain other conditions are met.

If we distribute our net capital gains in the form of deemed rather than actual distributions, a Non-U.S. stockholder will be entitled to a federal income tax credit or tax refund equal to the stockholder's allocable share of the tax we pay on the capital gains deemed to have been distributed. In order to obtain the refund, the Non-U.S. stockholder must obtain a U.S. taxpayer identification number and file a federal income tax return even if the Non-U.S. stockholder would not otherwise be required to obtain a U.S. taxpayer identification number or file a federal income tax return. For a corporate Non-U.S. stockholder, distributions (both actual and deemed),

and gains realized upon the sale of our common stock that are effectively connected to a U.S. trade or business may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate (or at a lower rate if provided for by an applicable treaty). Accordingly, investment in the shares may not be appropriate for a Non-U.S. stockholder.

A Non-U.S. stockholder who is a non-resident alien individual, and who is otherwise subject to withholding of federal tax, may be subject to information reporting and backup withholding of federal income tax on dividends unless the Non-U.S. stockholder provides us or the dividend paying agent with an IRS Form W-8BEN (or an acceptable substitute or successor form) or otherwise meets documentary evidence requirements for establishing that it is a Non-U.S. stockholder or otherwise establishes an exemption from backup withholding.

Non-U.S. persons should consult their own tax advisors with respect to the U.S. federal income tax and withholding tax, and state, local and foreign tax consequences of an investment in the shares.

Failure to Qualify as a Regulated Investment Company

If we were unable to qualify for treatment as a RIC, we would be subject to tax on all of our taxable income at regular corporate rates. We would not be able to deduct distributions to stockholders, nor would they be required to be made. Such distributions (if made in a taxable year beginning on or before December 31, 2008) would be taxable to our stockholders and provided certain holding period and other requirements were met, could qualify for treatment as "qualified dividend income" eligible for the 15% maximum rate to the extent of our current and accumulated earnings and profits. Subject to certain limitations under the Code, corporate distributees would be eligible for the dividends received deduction. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholder's tax basis, and any remaining distributions would be treated as a capital gain. To requalify as a RIC in a subsequent taxable year, we would be required to satisfy the RIC qualification requirements for that year and dispose of any earnings and profits from any year in which we failed to qualify as a RIC. Subject to a limited exception applicable to RICs that qualified as such under Subchapter M of the Code for at least one year prior to disqualification and that requalify as a RIC no later than the second year following the nonqualifying year, we could be subject to tax on any unrealized net built-in gains in the assets held by us during the period in which we failed to qualify as a RIC that are recognized within the subsequent 10 years, unless we made a special election to pay corporate-level tax on such built-in gain at the time of our requalification as a RIC.

DESCRIPTION OF CAPITAL STOCK

The following description is based on relevant portions of the Maryland General Corporation Law and on our charter and bylaws. This summary may not contain all of the information that is important to you, and we refer you to the Maryland General Corporation Law and our charter and bylaws for a more detailed description of the provisions summarized below.

Under the terms of our charter, as amended and restated immediately prior to the completion of this offering, our authorized capital stock will consist of 30,000,000 shares of common stock, par value $0.001 per share, of which immediately after this offering 9,801,965 shares will be outstanding. Under our charter, our board of directors is authorized to classify and reclassify any unissued shares of stock into other classes or series of stock, and to cause the issuance of such shares, without obtaining stockholder approval. In addition, as permitted by the Maryland General Corporation Law, but subject to the 1940 Act, our charter provides that the board of directors, without any action by our stockholders, may amend the charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue. Under Maryland law, our stockholders generally are not personally liable for our debts or obligations.

As of March 31, 2005, there were 3,801,965 shares of common stock outstanding and 31 stockholders of record and outstanding options and warrants to purchase 886,659 shares of our common stock. The following table sets forth certain information regarding our authorized shares and shares outstanding as of March 31, 2005.

Title of Class	Amount Authorized	Amount Held By Company for its Account	Amount Outstanding
Common Stock, $0.001 par value per share	25,000,000	—	3,801,965

Common Stock

All shares of our common stock have equal rights as to earnings, assets, dividends and voting privileges, except as described below, and, when they are issued, will be duly authorized, validly issued, fully paid and nonassessable. Distributions may be paid to the holders of our common stock if, as and when authorized by our board of directors and declared by us out of assets legally available therefor. Shares of our common stock have no conversion, exchange, preemptive or redemption rights. In the event of a liquidation, dissolution or winding up of Hercules Technology Growth Capital each share of our common stock would be entitled to share ratably in all of our assets that are legally available for distribution after we pay all debts and other liabilities and subject to any preferential rights of holders of our preferred stock, if any preferred stock is outstanding at such time. Each share of our common stock is entitled to one vote on all matters submitted to a vote of stockholders, including the election of directors. Except as provided with respect to any other class or series of stock, the holders of our common stock will possess exclusive voting power. There is no cumulative voting in the election of directors, which means that holders of a majority of the outstanding shares of common stock will elect all of our directors, and holders of less than a majority of such shares will be unable to elect any director.

Preferred Stock

Our charter authorizes our board of directors to classify and reclassify any unissued shares of stock into other classes or series of stock, including preferred stock. Prior to issuance of shares of each class or series, the board of directors is required by Maryland law and by our charter to set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, the board of directors could authorize the issuance of shares of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common

stock or otherwise be in their best interest. You should note, however, that any issuance of preferred stock must comply with the requirements of the 1940 Act. The 1940 Act requires, among other things, that (1) immediately after issuance and before any dividend or other distribution is made with respect to our common stock and before any purchase of common stock is made, such preferred stock together with all other senior securities must not exceed an amount equal to 50% of our total assets after deducting the amount of such dividend, distribution or purchase price, as the case may be, and (2) the holders of shares of preferred stock, if any are issued, must be entitled as a class to elect two directors at all times and to elect a majority of the directors if dividends on such preferred stock are in arrears by two years or more. Certain matters under the 1940 Act require the separate vote of the holders of any issued and outstanding preferred stock. We believe that the availability for issuance of preferred stock will provide us with increased flexibility in structuring future financings and acquisitions.

5-Year Warrants

As of March 31, 2005, we had outstanding 5-year warrants to purchase an aggregate of 673,223 shares of our common stock. These warrants were issued as part of the units that we sold in our prior private financings and were issued either under our warrant agreement with American Stock Transfer & Trust Company, as warrant agent, or pursuant to the terms of our 2004 Equity Incentive Plan. Each 5-year warrant is exercisable until June 17, 2009 and entitles the holder thereof to purchase one share of our common stock. In connection with our election to be regulated as a business development company, the exercise price per share for all of our 5-year warrants was reduced from $15.00 per share to $10.57 per share, the net asset value per share of our common stock on the date of determination, in accordance with the terms of the warrant agreement or the applicable warrant certificate. The 5-year warrants provide that if we issue additional shares of our common stock at a price less than the then applicable exercise price per share of the 5-year warrants at any time at or prior to the closing of this offering, the 5-year warrant exercise price will be subject to a weighted-average anti-dilution adjustment based upon the number of shares so issued and the per share price therefor. In addition, the warrant agreement, restricts the transfer of warrants outstanding thereunder to transactions involving the transfer of at least 4,000 shares (or securities convertible into or exchangeable for shares) of our common stock.

Registration Rights

In connection with our June 2004 private offering of units (each unit consisting of two shares of our common stock, a warrant to purchase one share of our common stock exercisable for one year and a warrant to purchase one share of our common stock exercisable for five years, in each case subject to adjustment as provided for in the warrant agreement), we entered into a registration rights agreement with JMP Securities LLC, the initial purchaser and placement agent in that offering, and the lead underwriter in this offering.

Pursuant to the registration rights agreement and subject to certain exceptions, we have agreed to use our best efforts to file with the SEC on or prior to the later of (i) March 19, 2005 (270 days after the date of the registration rights agreement), and (ii) 30 days after completion of this offering and the related distribution of the shares sold hereunder, a shelf registration statement to cover resales of the shares of common stock underlying the units, including the shares of common stock underlying the warrants, held by substantially all of our existing stockholders. Immediately following this offering, holders of approximately 3,480,000 shares of our common stock and holders of approximately 584,000 warrants will be entitled to have such shares and such warrants (as well as the common stock underlying such warrants) included in the shelf registration statement.

We will use our best efforts to cause such shelf registration statement to be declared effective by the SEC on or prior to the 90th day following the filing of such shelf registration statement with the SEC, subject to the exceptions provided for in the registration rights agreement.

Because we have elected to be regulated as a business development company under the 1940 Act, holders of our common stock or warrants that beneficially own three percent of our outstanding common stock, which includes substantially all current holders of our common stock and warrants, are entitled to have any or all of

their warrants included in the shelf registration statement on the same terms and subject to the same conditions as holders of registrable securities. We expect that we will be required to include such warrants in the shelf registration statement.

Notwithstanding the foregoing, we will be permitted to prohibit offers and sales of common stock and warrants pursuant to the registration statement under certain circumstances and subject to certain conditions. Each security will cease to be a registrable security under the registration rights agreement on the earlier of (i) the date on which it has been registered effectively pursuant to the Securities Act and, in the case of an underwritten offering, disposed of in accordance with the registration statement relating to it, (ii) the date on which either it is distributed to the public pursuant to Rule 144 or may be sold pursuant to Rule 144(k) under the Securities Act, (iii) the date on which it is sold to us, or (iv) the date on which all registrable securities proposed to be sold by a holder may be sold in a three-month period without registration under the Securities Act pursuant to Rule 144 under the Securities Act.

If, following this offering, any one of the following occurs and registrable securities (including warrants) that are entitled to registration rights under the registration rights agreement are outstanding and are held by the original holders thereof or their permitted transferees:

- if the shelf registration statement is not filed with the SEC on or prior to the later of (i) March 19, 2005 (270 days from the date of the registration rights agreement), and (ii) 30 days after the completion of this offering and the related distribution of the shares sold hereunder;
- the shelf registration statement covering all of the registrable securities required to be included therein is not declared effective by the SEC on or prior to 90 days after the filing thereof; or
- subject to the permitted black-out periods under the registration rights agreement, after the shelf registration statement has been declared effective by the SEC such registration statement ceases to be effective or usable in connection with resales of registrable securities during the period in which it is required to be effective,

then a registration default will be deemed to have occurred. In the case of a registration default, we will pay additional dividends to each holder of shares of our common stock. The amount of additional dividends payable during the fiscal quarter in which a registration default has occurred and is continuing will equal $0.0625 per share of common stock (subject to adjustment in the event of a stock split, stock recombination, stock dividend and the like) and will escalate at the end of such quarter and at the end of each quarter thereafter by an additional $0.0625 per share of common stock (subject to adjustment in the event of a stock split, stock recombination, stock dividend and the like), up to a maximum amount of additional dividends of $0.25 per share of common stock (subject to adjustment in the event of a stock split, stock recombination, stock dividend and the like) per quarter. Following the cure of all registration defaults, additional dividends will cease to accrue with respect to such registration default.

We expect that the terms of Mr. Henriquez's employment agreement will provide that his base salary will be reduced to an annual rate of 50% of his then base salary and his incentive bonus opportunity will be reduced to zero in the event of, and during the continuation of, a registration default.

We will use our best efforts to cause the shelf registration statement to be effective, subject to permitted exceptions, until June 22, 2006 (the date that is two years from the date of the registration rights agreement) or such shorter period of time that will terminate when each of the registrable securities ceases to be a registrable security under the registration rights agreement.

The foregoing summary of certain provisions of the registration rights agreement may not include all of the provisions that are important to you and is subject to, and qualified in its entirety by reference to, the provisions of the registration rights agreement. Copies of the registration rights agreement are available as set forth under the heading "Available Information."

Limitation on Liability of Directors and Officers; Indemnification and Advance of Expenses

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgment as being material to the cause of action. Our charter contains such a provision which eliminates directors' and officers' liability to the maximum extent permitted by Maryland law, subject to the requirements of the 1940 Act.

Our charter authorizes us, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to indemnify any present or former director or officer or any individual who, while a director or officer and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee, from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her service in any such capacity, except with respect to any matter as to which such person shall have been finally adjudicated in any proceeding not to have acted in good faith in the reasonable belief that their action was in our best interest or to be liable to us or our stockholders by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office. Our charter also provides that, to the maximum extent permitted by Maryland law, with the approval of our board of directors and provided that certain conditions described in our charter are met, we may pay certain expenses incurred by any such indemnified person in advance of the final disposition of a proceeding upon receipt of an undertaking by or on behalf of such indemnified person to repay amounts we have so paid if it is ultimately determined that indemnification of such expenses is not authorized under our charter. Our bylaws obligate us, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to indemnify any present or former director or officer or any individual who, while a director or officer and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee and who is made, or threatened to be made, a party to the proceeding by reason of his or her service in any such capacity from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in any such capacity, except with respect to any matter as to which such person shall have been finally adjudicated in any proceeding not to have acted in good faith in the reasonable belief that their action was in our best interest or to be liable to us or our stockholders by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office. Our bylaws also provide that, to the maximum extent permitted by Maryland law, with the approval of our board of directors and provided that certain conditions described in our bylaws are met, we may pay certain expenses incurred by any such indemnified person in advance of the final disposition of a proceeding upon receipt of an undertaking by or on behalf of such indemnified person to repay amounts we have so paid if it is ultimately determined that indemnification of such expenses is not authorized under our bylaws.

Maryland law requires a corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made, or threatened to be made, a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that a personal benefit was improperly received, unless in either case a court orders indemnification, and then only for expenses. In addition, Maryland law permits a corporation to advance reasonable expenses to a

director or officer upon the corporation's receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

In addition, we have agreed to indemnify, to the maximum extent permitted by Maryland law and the 1940 Act, representatives of JMP Asset Management LLC and Farallon Capital Management, L.L.C. on terms similar to those afforded to our directors and officers under our charter and bylaws in connection with their activities in evaluating our investment opportunities prior to our election to be regulated as a business development company.

We currently have in effect a directors' and officers' insurance policy covering our directors and officers and us for any acts and omissions committed, attempted or allegedly committed by any director or officer during the policy period. The policy is subject to customary exclusions.

Provisions of the Maryland General Corporation Law and Our Charter and Bylaws

The Maryland General Corporation Law and our charter and bylaws contain provisions that could make it more difficult for a potential acquiror to acquire us by means of a tender offer, proxy contest or otherwise. These provisions are expected to discourage certain coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of these provisions outweigh the potential disadvantages of discouraging any such acquisition proposals because, among other things, the negotiation of such proposals may improve their terms.

Classified Board of Directors

Our board of directors is divided into three classes of directors serving staggered three-year terms. The initial terms of the first, second and third classes will expire in 2005, 2006 and 2007, respectively. Beginning in 2005, upon expiration of their current terms, directors of each class will be elected to serve for three-year terms and until their successors are duly elected and qualify and each year one class of directors will be elected by the stockholders. A classified board may render a change in control of us or removal of our incumbent management more difficult. We believe, however, that the longer time required to elect a majority of a classified board of directors will help to ensure the continuity and stability of our management and policies.

Election of Directors

Our charter provides that, except as otherwise provided in the bylaws, the affirmative vote of the holders of a majority of the outstanding shares of stock entitled to vote in the election of directors will be required to elect each director. Our bylaws currently provide that directors are elected by a plurality of the votes cast in the election of directors. Pursuant to our charter and bylaws, our Board of Directors may amend the bylaws to alter the vote required to elect directors.

Number of Directors; Vacancies; Removal

Our charter provides that the number of directors will be set only by the board of directors in accordance with our bylaws. Our bylaws provide that a majority of our entire board of directors may at any time increase or decrease the number of directors. However, unless the bylaws are amended, the number of directors may never be less than one nor more than 12. We have elected to be subject to the provision of Subtitle 8 of Title 3 of the Maryland General Corporation Law regarding the filling of vacancies on the board of directors. Accordingly, at such time, except as may be provided by the board of directors in setting the terms of any class or series of preferred stock, any and all vacancies on the board of directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is elected and qualifies, subject to any applicable requirements of the 1940 Act.

Our charter provides that a director may be removed only for cause, as defined in the charter, and then only by the affirmative vote of at least two-thirds of the votes entitled to be cast in the election of directors.

Action by Stockholders

Under the Maryland General Corporation Law, stockholder action may be taken only at an annual or special meeting of stockholders or by unanimous consent in lieu of a meeting (unless the charter provides for stockholder action by less than unanimous written consent, which our charter does not). These provisions, combined with the requirements of our bylaws regarding the calling of a stockholder-requested special meeting of stockholders discussed below, may have the effect of delaying consideration of a stockholder proposal until the next annual meeting.

Advance Notice Provisions for Stockholder Nominations and Stockholder Proposals

Our bylaws provide that with respect to an annual meeting of stockholders, nominations of persons for election to the board of directors and the proposal of business to be considered by stockholders may be made only (1) pursuant to our notice of the meeting, (2) by the board of directors or (3) by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice procedures of the bylaws. With respect to special meetings of stockholders, only the business specified in our notice of the meeting may be brought before the meeting. Nominations of persons for election to the board of directors at a special meeting may be made only (1) pursuant to our notice of the meeting, (2) by the board of directors or (3) provided that the board of directors has determined that directors will be elected at the meeting, by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice provisions of the bylaws.

The purpose of requiring stockholders to give us advance notice of nominations and other business is to afford our board of directors a meaningful opportunity to consider the qualifications of the proposed nominees and the advisability of any other proposed business and, to the extent deemed necessary or desirable by our board of directors, to inform stockholders and make recommendations about such qualifications or business, as well as to provide a more orderly procedure for conducting meetings of stockholders. Although our bylaws do not give our board of directors any power to disapprove stockholder nominations for the election of directors or proposals recommending certain action, they may have the effect of precluding a contest for the election of directors or the consideration of stockholder proposals if proper procedures are not followed and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal without regard to whether consideration of such nominees or proposals might be harmful or beneficial to us and our stockholders.

Calling of Special Meeting of Stockholders

Our bylaws provide that special meetings of stockholders may be called by our board of directors and certain of our officers. Additionally, our bylaws provide that, subject to the satisfaction of certain procedural and informational requirements by the stockholders requesting the meeting, a special meeting of stockholders shall be called by our secretary upon the written request of stockholders entitled to cast not less than a majority of all of the votes entitled to be cast at such meeting.

Approval of Extraordinary Corporate Action; Amendment of Charter and Bylaws

Under Maryland law, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business, unless approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its charter for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Our charter generally provides for approval of charter amendments and extraordinary transactions

by the stockholders entitled to cast at least a majority of the votes entitled to be cast on the matter. Our charter also provides that certain charter amendments and any proposal for our conversion, whether by merger or otherwise, from a closed-end company to an open-end company or any proposal for our liquidation or dissolution requires the approval of the stockholders entitled to cast at least 75 percent of the votes entitled to be cast on such matter. However, if such amendment or proposal is approved by at least 75 percent of our continuing directors (in addition to approval by our board of directors), such amendment or proposal may be approved by the stockholders entitled to cast a majority of the votes entitled to be cast on such a matter. The "continuing directors" are defined in our charter as our current directors, as well as those directors whose nomination for election by the stockholders or whose election by the directors to fill vacancies is approved by a majority of the continuing directors then on the board of directors.

Our charter and bylaws provide that the board of directors will have the exclusive power to make, alter, amend or repeal any provision of our bylaws.

No Appraisal Rights

Except with respect to appraisal rights arising in connection with the Control Share Act discussed below, as permitted by the Maryland General Corporation Law, our charter provides that stockholders will not be entitled to exercise appraisal rights.

Control Share Acquisitions

The Maryland Control Share Acquisition Act (the "Control Share Act") provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquiror, by officers or by directors who are employees of the corporation are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock which, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

The requisite stockholder approval must be obtained each time an acquiror crosses one of the thresholds of voting power set forth above. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition of control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel the board of directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the meeting. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then the corporation may repurchase for fair value any or all of the control shares, except those for which voting rights have previously been approved. The right of the corporation to repurchase control shares is subject to certain conditions and limitations. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by

the acquiror or of any meeting of stockholders at which the voting rights of the shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The Control Share Act does not apply (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (b) to acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision exempting from the Control Share Act any and all acquisitions by any person of our shares of stock. There can be no assurance that such provision will not be otherwise amended or eliminated at any time in the future. However, we will amend our bylaws to be subject to the Control Share Act only if the board of directors determines that it would be in our best interests and if the staff of the SEC does not object to our determination that our being subject to the Control Share Act does not conflict with the 1940 Act.

Business Combinations

Under the Maryland Business Combination Act (the "Business Combination Act"), "business combinations" between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

- any person who beneficially owns 10% or more of the voting power of the corporation's shares; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under this statute if the board of directors approved in advance the transaction by which such stockholder otherwise would have become an interested stockholder. However, in approving a transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

After the 5-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and
- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation's common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

The statute permits various exemptions from its provisions, including business combinations that are exempted by the board of directors before the time that the interested stockholder becomes an interested stockholder. Our board of directors has adopted a resolution exempting any business combination between us and

any other person from the provisions of the Business Combination Act, provided that the business combination is first approved by the board of directors, including a majority of the directors who are not interested persons as defined in the 1940 Act. This resolution, however, may be altered or repealed in whole or in part at any time. In addition, our board of directors has adopted a resolution exempting any business combination with certain investment funds managed by JMP Asset Management LLC and certain investment funds managed by Farallon Capital Management, L.L.C. from the provisions of the Business Combination Act. We have agreed with such investment funds that we will not repeal or amend such resolution prior to the date that is two years after such investment funds cease to own at least 10% of our outstanding common stock in a manner that would make the Business Combination Act applicable to acquisitions of our stock by such investment funds without the written consent of such investment funds. If these resolutions are repealed, or the board of directors does not otherwise approve a business combination, the statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

Conflict with 1940 Act

Our bylaws provide that, if and to the extent that any provision of the Maryland General Corporation Law, or any provision of our charter or bylaws conflicts with any provision of the 1940 Act, the applicable provision of the 1940 Act will control.

Regulatory Restrictions

Our wholly-owned subsidiary, Hercules Technology II, L.P., is seeking a small business investment company license. The Small Business Administration prohibits, without prior Small Business Administration approval, a “change of control” or transfers which would result in any person (or group of persons acting in concert) owning 10% or more of any class of capital stock of a small business investment company. A “change of control” is any event which would result in a transfer of the power, direct or indirect, to direct the management and policies of a small business investment company, whether through ownership, contractual arrangements or otherwise.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to the completion of this offering, there has been no public market for our common stock. Future sales of substantial amounts of our common stock in the public market, or the perception that such sales may occur, could adversely affect the market price of our common stock and could impair our future ability to raise capital through the sale of our equity securities.

Our directors and executive officers have agreed with the underwriters not to sell any shares of our stock they own for a period of 180 days from the date of this offering. In addition, our current stockholders have agreed not to sell any shares of our stock for a period of 120 days from the date of this offering. This agreement, referred to as a "lock-up agreement," may be waived by JMP Securities as representative of the underwriters. Notwithstanding the foregoing, we have agreed, and are permitted pursuant to the terms of the lock-up agreements, to file a shelf registration statement covering all of the shares of our common stock and warrants (and all of the shares of common stock underlying the warrants) outstanding prior to this offering shortly after the completion of this offering. See "Description of Capital Stock—Registration Rights."

Upon the completion of this offering, as a result of the issuance of 6,000,000 shares of common stock, we will have 9,801,965 shares of our common stock outstanding of which 3,801,965 shares will be "restricted" securities under the meaning of Rule 144 promulgated under the Securities Act and may not be sold in the absence of registration under the Securities Act unless an exemption from registration is available, including exemptions contained in Rule 144. Pursuant to a registration rights agreement, we have agreed to file a registration statement in respect of the shares of common stock and warrants, and the shares of common stock for which the warrants are exercisable, that are restricted securities.

In general, under Rule 144 as currently in effect, if one year has elapsed since the date of acquisition of restricted securities from us or any of our affiliates, the holder of such restricted securities can sell such securities; provided that the number of securities sold by such person within any three-month period cannot exceed the greater of:

- 1% of the total number of securities then outstanding, or
- the average weekly trading volume of our securities during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Sales under Rule 144 also are subject to certain manner of sale provisions, notice requirements and the availability of current public information about us. If two years have elapsed since the date of acquisition of restricted securities from us or any of our affiliates and the holder is not one of our affiliates at any time during the three months preceding the proposed sale, such person can sell such securities in the public market under Rule 144(k) without regard to the volume limitations, manner of sale provisions, public information requirements or notice requirements. No assurance can be given as to (1) the likelihood that an active market for our common stock will develop, (2) the liquidity of any such market, (3) the ability of our stockholders to sell our securities or (4) the prices that stockholders may obtain for any of our securities. No prediction can be made as to the effect, if any, that future sales of securities, or the availability of securities for future sale, will have on the market price prevailing from time to time. Sales of substantial amounts of our securities, or the perception that such sales could occur, may affect adversely prevailing market prices of the common stock. See "Risk Factors—Risks Related to this Offering."

Lock-Up Agreements

We and our executive officers and directors will be subject to agreements with the underwriters that restrict our and their ability to transfer their stock for a period of up to 180 days and our current stockholders will be restricted in their ability to transfer their stock for a period of 120 days from the date of this prospectus. After the lock-up agreements expire, an aggregate of 3,320,731 additional shares will be eligible for sale in the public

market in accordance with Rule 144 under the Securities Act. These lock-up agreements provide that these persons will not offer, sell, contract to sell, pledge (other than to us), hedge or otherwise dispose of our common stock or any securities convertible into or exchangeable for our common stock, owned by them for a period specified in the agreement without the prior written consent of JMP Securities. The filing of the shelf registration statement pursuant to the registration rights agreement will be an exception to our lock-up agreement, although certain stockholders whose shares are registered in the registration statement may still be subject to lock-up agreements.

Stock Options

As of March 31, 2005, there were options to purchase 213,436 shares as well as 5-year warrants to purchase 56,551 shares of our common stock outstanding under our 2004 Equity Incentive Plan. All of these shares will be eligible for sale in the public market from time to time, subject to vesting provisions, Rule 144 volume limitations applicable to our affiliates and, in the case of some of the options, the expiration of lock-up agreements.

We intend to file a registration statement under the Securities Act covering 8 million shares of common stock reserved for issuance under our 2004 Equity Incentive Plan. The registration statement is expected to be filed, subject to compliance with any applicable lock-up agreement, as soon as practicable after the completion of this offering.

Registration Rights

Following this offering, some of our securityholders will, under some circumstances, have the right to require us to register their shares for future sale. See "Description of Capital Stock—Registration Rights."

BROKERAGE ALLOCATION AND OTHER PRACTICES

Since we will generally acquire and dispose of our investments in privately negotiated transactions, we will infrequently use brokers in the normal course of our business. Subject to policies established by our board of directors, we do not expect to execute transactions through any particular broker or dealer, but will seek to obtain the best net results for us, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, and operational facilities of the firm and the firm's risk and skill in positioning blocks of securities. While we will generally seek reasonably competitive trade execution costs, we will not necessarily pay the lowest spread or commission available. Subject to applicable legal requirements, we may select a broker based partly upon brokerage or research services provided to us. In return for such services, we may pay a higher commission than other brokers would charge if we determine in good faith that such commission is reasonable in relation to the services provided.

UNDERWRITING

JMP Securities LLC is acting as bookrunning manager of the offering and representative of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus, each underwriter named below has agreed to purchase, and we have agreed to sell to that underwriter, the numbers of shares set forth opposite the underwriter's name.

Underwriters	Number of Shares
JMP Securities LLC	
Ferris, Baker Watts, Incorporated	
Total	

The underwriting agreement provides that the obligations of the underwriters are subject to certain conditions precedent and that the underwriters will purchase all shares of the common stock if any of these shares are purchased. The underwriters are obligated to take and pay for all of the shares of common stock offered in this offering, other than those covered by the over-allotment option described below, if any are taken.

The underwriters have advised us that they propose to offer the shares of common stock to the public at the offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of $ per share. The underwriters may allow, and the dealers may re-allow, a concession not in excess of $ per share to some other dealers. After the offering, the offering price and other selling terms may be changed by the underwriters.

Pursuant to the underwriting agreement, we have granted to the underwriters an option, exercisable for 45 days after the initial closing, to purchase up to 900,000 additional shares of common stock at the offering price, less the sales load set forth on the cover page of this prospectus, solely to cover over-allotments. To the extent that the underwriters exercise their option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

We and our officers and directors have agreed that, for a period of 180 days from the date of this prospectus, we and they will not, without the prior written consent of JMP Securities LLC, dispose of or hedge any shares of our common stock or any securities convertible into or exchangeable for our common stock, subject to certain exceptions. Our other current stockholders will be subject to the foregoing restrictions for a period of 120 days. JMP Securities LLC, in its sole discretion, may release any of the securities subject to these lock-up agreements at any time without notice. Pursuant to a registration rights agreement, we are obligated to file a registration statement covering all of our shares and warrants outstanding prior to this offering within 30 days of the closing of this offering and to have such registration statement declared effective within 90 days of its filing with the SEC. The filing of this registration statement will be an exception to our lock-up requirement although stockholders whose shares are registered in the registration statement may still be subject to lock-up agreements.

The 180-day or 120-day restricted period described in the preceding paragraph will be extended if:

- during the last 17 days of the 180-day or 120-day restricted period, we issue an earnings release or material news or a material event relating to the Company occurs or
- prior to the expiration of the 180-day or 120-day restricted period, we announce that we will issue an earnings release during the 16-day period beginning on the last day of the 180-day or 120-day period,

in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the date of the issuance of the earnings release or the occurrence of the material news or event unless JMP Securities LLC consents in writing to an earlier termination of those restrictions.

At our request, the underwriters have reserved up to 5% of the shares of common stock for sale at the initial public offering price to persons who are directors, officers or employees, or who are otherwise associated with us through a directed share program. The number of shares of common stock available for sale to the general public will be reduced by the number of directed shares purchased by participants in the program. Any directed shares not purchased will be offered by the underwriters to the general public on the same basis as all other shares of common stock offered. We have agreed to indemnify the underwriters against certain liabilities and expenses, including liabilities under the Securities Act, in connection with the sales of the directed shares.

Prior to this offering, there has been no public market for our common stock. Consequently, the initial public offering price for the shares was determined by negotiations between us and the representatives. Among the factors considered in determining the initial public offering price were our record of operations, our current financial condition, our future prospects, our markets, the economic conditions in and future prospects for the industry in which we compete, our management, and currently prevailing general conditions in the equity securities markets, including current market valuations of publicly traded companies considered comparable to our company. We cannot assure you, however, that the prices at which the shares will sell in the public market after this offering will not be lower than the initial public offering price or that an active trading market in our common stock will develop and continue after this offering.

The underwriters have advised us that they do not intend to confirm sales to any account over which they exercise discretionary authority.

The following table summarizes the sales load to be paid to the underwriters by us in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares of common stock.

	Paid By Us	
	No Exercise	Full Exercise
Per share	$	$
Total	$	$

We expect to incur expenses, other than the sales load referred to above, of approximately $1,325,000 in connection with this offering.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, and, in certain circumstances, to contribute to payments that the underwriters may be required to make in respect thereof.

Until the distribution of the common stock is completed, rules of the SEC may limit the ability of the underwriters to bid for and purchase the common stock. As an exception to these rules, the underwriters are permitted to engage in certain transactions that stabilize, maintain or otherwise affect the price of the common stock.

If the underwriters create a short position in common stock in connection with the offering,*i.e.*, if they sell a greater aggregate number of shares of common stock than is set forth on the cover page of this prospectus, the underwriters may reduce the short position by purchasing shares of our common stock in the open market. This is known as a "syndicate covering transaction." The underwriters may also elect to reduce any short position by exercising all or part of the over-allotment option described above.

Naked short sales are sales in excess of the over-allotment option. The underwriters must close out any naked short position by purchasing shares of our common stock in the open market. A naked short position is

more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

The underwriters may also impose a penalty bid on some selling group members. This means that if the underwriters purchase common stock in the open market to reduce the selling group members' short position or to stabilize the price of the common stock, they may reclaim the amount of the selling concession from the selling group members who sold those shares of common stock as part of the offering.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of the purchases. The imposition of a penalty bid might also have an effect on the price of a security to the extent that it were to discourage resale of the security. If these activities are commenced, they may be discontinued by the underwriters at any time.

Some of the underwriters and/or their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us and our portfolio companies.

In January 2005, we completed a private placement in which we sold 72,000 of our units at a price equal to $30.00 per unit. JMP Securities LLC, the lead underwriter in this offering, acted as the placement agent in connection with the offering and received a 7% placement fee. In addition, certain entities indirectly related to JMP Securities LLC, beneficially own in excess of 10% of our common stock prior to the closing of this offering. See "Control Persons and Principal Stockholders."

This public offering is being conducted pursuant to the requirements of Rule 2810 of the Conduct Rules of the NASD.

The principal business address of JMP Securities LLC is 600 Montgomery Street, Suite 1100, San Francisco, California 94111.

CUSTODIAN, TRANSFER AND DIVIDEND PAYING AGENT AND REGISTRAR

Our securities are held under a custody agreement with Union Bank of California. The address of the custodian is 475 Sansome Street, 15th Floor, San Francisco, California 94111. The transfer agent and registrar for our common stock, American Stock Transfer & Trust Company, will act as our transfer agent, dividend paying and reinvestment agent and registrar. The principal business address of the transfer agent is 59 Maiden Lane, New York, New York 10038.

LEGAL MATTERS

Certain legal matters regarding the securities offered by this prospectus will be passed upon for us by Ropes & Gray LLP, New York, New York, and Venable LLP, Baltimore, Maryland. Certain legal matters in connection with the offering will be passed upon for the underwriters by Sutherland Asbill & Brennan LLP, Washington, D.C.

EX PERTS

Ernst & Young LLP, independent registered public accounting firm, have audited our financial statements and financial highlights at December 31, 2004 and for the period February 2, 2004 (commencement of operations) to December 31, 2004, as set forth in their report. We have included our financial statements and financial highlights in this prospectus and elsewhere in the registration statement in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

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 shares of common stock offered by this prospectus. The registration statement contains additional information about us and our shares of common stock being offered by this prospectus.

Upon completion of this offering, we will file with or submit to the SEC annual, quarterly and current periodic reports, proxy statements and other information meeting the informational requirements of the Securities Exchange Act. You may inspect and copy these reports, proxy statements and other information, as well as the registration statement of which this prospectus forms a part and the related exhibits and schedules, at the Public Reference Room of the SEC at 450 Fifth Street, NW, Washington, D.C. 20549-0102. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. 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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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors
Hercules Technology Growth Capital, Inc.

We have audited the accompanying statement of assets and liabilities of Hercules Technology Growth Capital, Inc., including the schedule of investments, as of December 31, 2004, and the related statements of operations, changes in net assets and cash flows and financial highlights for the period from February 2, 2004 (commencement of operations) to December 31, 2004. These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included correspondence with each portfolio company. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Hercules Technology Growth Capital, Inc. at December 31, 2004, the results of its operations, the changes in its net assets and its cash flows, and the financial highlights for the period from February 2, 2004 (commencement of operations) to December 31, 2004, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

San Francisco, California
January 26, 2005

HERC ULES TECHNOLOGY GROWTH CAPITAL, INC.

STATEMENT OF ASSETS AND LIABILITIES

DECEMBER 31, 2004

Assets	
Investments, at value (cost $16,700,000)	$ 16,700,000
Deferred loan origination revenue	(285,232)
Cash and cash equivalents	8,678,329
Interest receivable	80,902
Prepaid expenses	20,942
Property and equipment	35,231
Other	2,500
Total assets	25,232,672
Liabilities	
Accounts payable and accrued expenses	154,539
Net assets	$ 25,078,133
Net assets consist of:	
Par value	$ 2,059
Paid-in capital in excess of par value	27,117,896
Accumulated net investment loss	(2,041,822)
Total net assets	$ 25,078,133
Shares of common stock outstanding ($0.001 par value, 25,000,000 authorized)	2,059,270
Net asset value per share	$ 12.18

See accompanying notes.

HERCULES TEC HNOLOGY GROWTH CAPITAL, INC.

SCHEDULE OF INVESTMENTS

DECEMBER 31, 2004

(The following investments are all United States enterprises.)

Portfolio Company	Industry	Type of Investment	Principal Amount	Cost[3]	Value[4]
Affinity Express, Inc.[1] (6.78%)*	Consumer and Business Services	Senior Debt Matures November 2007 Interest rate 13.50%	$ 700,000	$ 683,000	$ 683,000
		Common Stock Warrants		17,000	17,000
Affinity Express, Inc.[2] (3.99%)	Consumer and Business Services	Senior Debt Matures November 2007 Interest rate 13.50%	$ 1,000,000	1,000,000	1,000,000
Total Affinity Express, Inc.				1,700,000	1,700,000
Occam Networks, Inc.[2] (11.96%)	Communications	Senior Debt Matures December 2007 Interest rate 11.95%	$ 3,000,000	2,969,000	2,969,000
		Preferred Stock Warrants		14,000	14,000
		Common Stock Warrants		17,000	17,000
Total Occam Networks, Inc.				3,000,000	3,000,000
Gomez, Inc.[2] (11.96%)	Software	Senior Debt Matures December 2007 Interest rate 12.25%	$ 3,000,000	2,965,000	2,965,000
		Preferred Stock Warrants		35,000	35,000
Total Gomez, Inc.				3,000,000	3,000,000
Metreo, Inc.[1] (19.94%)	Software	Senior Debt Matures November 2007 Interest rate 10.95%	$ 5,000,000	4,950,000	4,950,000
		Preferred Stock Warrants		50,000	50,000
Total Metreo, Inc.				5,000,000	5,000,000
Talisma Corp.[2] (15.96%)	Software	Subordinated Debt Matures December 2007 Interest rate 11.25%	$ 4,000,000	3,951,000	3,951,000
		Preferred Stock Warrants		49,000	49,000
Total Talisma Corp.				4,000,000	4,000,000
Total investments (66.59%)				$ 16,700,000	$ 16,700,000

* Value as a percent of net assets
(1) Investment made in November 2004.
(2) Investment made in December 2004.
(3) Tax cost at December 31, 2004 equals book cost. The Company has no gross unrealized appreciation or depreciation.
(4) All investments are restricted at December 31, 2004, and were valued at fair value as determined in good faith by the Board of Directors. No unrestricted securities of the issuer are outstanding.

See accompanying notes.

HERCULES TECHN OLOGY GROWTH CAPITAL, INC.

STATEMENT OF OPERATIONS

PERIOD FROM FEBRUARY 2, 2004 (COMMENCEMENT OF OPERATIONS) TO DECEMBER 31, 2004

Investment income:		
Interest	$	214,100
Expenses:		
Employee compensation		1,164,504
Stock option		680,000
General and administrative		388,885
Organization costs		15,000
Depreciation		7,533
Total operating expenses		2,255,922
Net investment loss and decrease in net assets resulting from operations	$	(2,041,822)

See accompanying notes.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

STATEMENT OF CHANGES IN NET ASSETS

PERIOD FROM FEBRUARY 2, 2004 (COMMENCEMENT OF OPERATIONS) TO DECEMBER 31, 2004

	Common Stock		Preferred Stock				
	Shares	Par Value	Shares	Par Value	Paid-In Capital	Net Investment Loss	Net Assets
Balance, February 2, 2004 (commencement of operations)	—	$ —	—	$ —	$ —	$ —	$ —
Issuance of convertible preferred stock, net of placement fees	—	—	600	1	2,574,999	—	2,575,000
Issuance of common shares, net of offering costs	1,809,270	1,809	—	—	23,863,146	—	23,864,955
Conversion of preferred stock to common stock	250,000	250	(600)	(1)	(249)	—	—
Stock options granted	—	—	—	—	680,000	—	680,000
Net investment loss	—	—	—	—	—	(2,041,822)	(2,041,822)
Balance, December 31, 2004	2,059,270	$ 2,059	—	$ —	$ 27,117,896	$ (2,041,822)	$ 25,078,133

See accompanying notes.

HERCULES TECH NOLOGY GROWTH CAPITAL, INC.

STATEMENT OF CASH FLOWS

PERIOD FROM FEBRUARY 2, 2004 (COMMENCEMENT OF OPERATIONS) TO DECEMBER 31, 2004

Cash flows from operating activities	
Net decrease in net assets resulting from operations	$ (2,041,822)
Adjustments to reconcile net decrease in net assets resulting from operations to net cash used in operating activities:	
Depreciation	7,533
Stock option expense	680,000
Purchase of investments	(16,700,000)
Change in operating assets and liabilities:	
Increase in interest receivable	(80,902)
Increase in prepaid expenses	(20,942)
Increase in other assets	(2,500)
Increase in accounts payable and accrued expenses	154,539
Increase in deferred loan origination revenue	285,232
Net cash used in operating activities	(17,718,862)
Cash flows from investing activities	
Purchase of property and equipment	(42,764)
Cash flows from financing activities	
Net proceeds from issuance of convertible preferred stock	2,575,000
Net proceeds from issuance of common stock	23,864,955
Net cash provided by financing activities	26,439,955
Net increase in cash	8,678,329
Cash and cash equivalents at beginning of period	—
Cash and cash equivalents at end of period	$ 8,678,329

See accompanying notes.

HERCULES TEC HNOLOGY GROWTH CAPITAL, INC.

FINANCIAL HIGHLIGHTS

PERIOD FROM FEBRUARY 2, 2004 (COMMENCEMENT OF OPERATIONS) TO DECEMBER 31, 2004

Per share net operating performance:	
Beginning net asset value	$ 15.00[1]
Offering costs	(1.81)
Dilutive effect of converting 600 convertible preferred shares into 250,000 common shares	(0.35)[2]
Net investment loss	(0.99)[3]
Stock option expense included in net investment loss	0.33[3]
Net asset value, December 31, 2004	$ 12.18
Total return	(18.80)%[4]
Ratios and supplemental data:	
Net assets, December 31, 2004	$25,078,133
Ratio of net operating expense to average net assets	8.81%[4]
Ratio of net investment loss to average net assets	7.95%[4]
Portfolio turnover rate	N/A

(1) On June 29, 2004, the Company completed its sale of common shares in a private placement.

(2) Immediately after the sale, 600 convertible preferred shares were converted into 125,000 units (See Note 5).

(3) Stock option expense is a non-cash expense that has no effect on net asset value. Pursuant to Financial Accounting Standards No. 123 (revised 2004), net investment loss includes the expense associated with granting stock options, totaling $0.33 per share, which is offset by a corresponding increase in paid in capital.

(4) Not annualized. The investment return reflects the change in net asset value of a common share. Company shares were issued in a private placement and are not publicly traded. Therefore, market value total investment return is not presented.

See accompanying notes.

HERCULES TECH NOLOGY GROWTH CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

1. Organization

Hercules Technology Growth Capital, Inc. (the "Company") is a specialty finance company that provides debt and equity growth capital to technology-related companies at all stages of development. The Company was incorporated under the General Corporation Law of the State of Maryland in December 2003. The Company commenced operations on February 2, 2004, when it sold 600 shares of convertible preferred stock to investors.

The Company is an investment company and intends to be regulated under the Investment Company Act of 1940 (the "Act") as a business development company ("BDC").

2. Significant Accounting Policies

The accompanying financial statements are presented in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"). Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statement and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Cash Equivalents

The Company considers money market funds and other highly liquid short-term investments with a maturity of less than 90 days to be cash equivalents.

Investments

Security transactions are recorded on the trade-date basis.

The Company invests in private non-convertible debt ("Debt") and carries its investments at fair value, as determined in good faith by the Board of Directors. An unrealized loss is recorded when the Debt has decreased in value, including where collection of a loan is doubtful, or there is a change in the underlying collateral, a change in the borrower's ability to pay, or other factors lead to a determination of a lower valuation. Conversely, an unrealized gain is recorded when the Debt has appreciated in value.

In certain Debt arrangements, warrants also are received from the borrower. The Company determines the cost basis of the warrants received based upon their respective fair value on date of receipt in proportion to the total fair value of the Debt and warrants received. Warrants are valued at fair value as determined by the Board of Directors, with unrealized gains and losses included in operations. In valuing warrants, the Board of Directors determines the fair value based upon the earnings of the issuer, sales to third parties of similar securities, the comparison to publicly traded securities, and other factors.

There is no single standard for estimating fair value. As a result, estimating fair value requires that judgment be applied to the specific facts and circumstances of each portfolio investment. The Board of Directors estimates fair value to be the amount for which an investment could be exchanged in an orderly disposition over a reasonable period of time between willing parties other than in a forced or liquidation sale. Due to the uncertainty inherent in the valuation process, the Board of Directors' estimate of fair value may differ significantly from the value that would have been used if a ready market existed, and the differences could be material.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS—(Continued)

Income Recognition

Interest in loans is computed using a method that results in a level rate of return on principal amounts outstanding. The difference between the face amount of a loan, and its cost basis, is accreted into income over the term of the loan. When a loan becomes 90 days or more past due, or if the Company otherwise does not expect to receive interest and principal repayments, we will place the loan on non-accrual status and cease recognizing interest income. There were no loans on non-accrual status during the period ended December 31, 2004.

Loan origination fees are deferred and amortized into interest income as adjustments to the related loan's yield over the contractual life of the loan. The Company had $285,232 of unearned fees at December 31, 2004.

In certain investment transactions, the Company may provide advisory services. For services that are separately identifiable and external evidence exists to substantiate fair value, income is recognized as earned, which is generally when the investment transaction closes.

Depreciation and Amortization

Equipment is depreciated on a straight-line basis over an estimated useful life of five years. Software is amortized over three years.

Federal Income Taxes

The Company is taxed under Subchapter C of the Internal Revenue Code and therefore is subject to corporate-level federal and state income tax.

The Company accounts for income taxes in accordance with the provisions of Financial Accounting Standards No. 109,*Accounting for Income Taxes,* which requires that deferred income taxes be determined based upon the estimated future tax effects of differences between the financial statement and tax bases of assets and liabilities given the provisions of the enacted tax law. Valuation allowances are used to reduce deferred tax assets to the amount likely to be realized.

Organization Expenses

Organization expenses, totaling $15,000, were expensed upon commencement of operations.

Offering Costs and Placement Fees

Offering costs and placement fees are charged to paid-in capital when shares of the Company are issued. Offering costs and placement fees totaled $2,924,125 for the period ended December 31, 2004.

Stock-Based Compensation

The Company follows Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment ("FAS 123")*, to account for stock options granted. Under FAS 123, 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.

3. Purchases and Sales of Securities

The Company purchased securities, excluding cash equivalents, during the period ended December 31, 2004, totaling $16,700,000.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS—(Continued)

4. Income Taxes

At December 31, 2004, the Company had a federal net operating loss carryforward ("NOL") of approximately $1.2 million, expiring on December 31, 2020, that can be applied to offset future taxable income. The NOL may also be available for state tax purposes, but may be available in a lesser amount and for a shorter period of time. A deferred tax asset totaling approximately $570,000 ($510,000 from NOL and $60,000 from accrued expenses), calculated by applying enacted federal and state tax rates to the NOL and accrued expenses, is available to the Company. A full valuation reserve has been established for the deferred tax asset since upon the planned election to be taxed as a regulated investment company under the Internal Revenue Code, any portion of the NOL and other deferred tax assets that have not been utilized is anticipated to be substantially or completely eliminated.

5. Shareholders' Equity

As of December 31, 2004, the Company is authorized to issue 25,000,000 shares of common stock with a par value of $0.001. Each share of common stock entitles the holder to one vote.

On February 2, 2004, the Company sold 600 shares of convertible preferred stock for gross proceeds of $2,750,000 ($2,575,000 net of the placement fee of $175,000) to officers of the Company and affiliates of the placement agent.

In June 2004, the Company sold, in a private placement 904,635 units for $26,614,080 ($23,864,955 net of underwriting fees and offering costs of $2,749,125), and all the convertible preferred stock was converted into 125,000 units on a 208.333-for-1 basis. Each unit consists of two shares of common stock, which are accompanied by a warrant to purchase one share of common stock within one year, and a warrant to purchase one share of common stock within five years. Each warrant has an exercise price of $15.00 per share.

In conjunction with the company's election to convert itself into a BDC, 55% of the 5 year warrants are subject to mandatory cancellation under the terms of a Warrant Agreement. Simultaneous with the cancellation of the 5 year warrants, the warrant holder will receive one share of common stock for every two warrants cancelled (see Note 11).

In addition, under the terms of the Warrant Agreement, in the event the Company notifies its warrant holders of its intention to be regulated as a BDC, the exercise price of all warrants will be adjusted to the then current net asset value of the common stock, subject to certain conditions described in the Warrant Agreement (see Note 11).

6. Related-Party Transactions

The Henriquez Family Trust (the "Trust") and Glen C. Howard, President of the Company (the "President") were each issued 100 shares of Series A-2 convertible preferred stock ("Series A-2") for a total of $250,000 in February 2004. The Trust is affiliated with Manuel A. Henriquez, Chairman of the Board of Directors and Chief Executive Officer of the Company (the "CEO").

JMP Group LLC (the "LLC"), formerly known as Jolson Merchant Partners Group LLC, purchased 400 shares of Series A-1 convertible preferred stock ("Series A-1") in February 2004 for $2,500,000, and in connection therewith, the Company paid a placement fee of $175,000 to JMP Securities LLC ("JMP"), the placement agent for such offering, and a wholly owned subsidiary of the LLC. The CEO owns approximately 0.1% of the fully diluted equity of the LLC.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS—(Continued)

The Series A-1 and Series A-2 shares described above were sold at a price of $6,250 and $1,250 per share, respectively, to reflect the fact that series A-1 shares have separate preferential voting rights and a preference on any distribution of assets over series A-2.

In connection with the June 2004 offering, the CEO and President received a special purpose grant allowing them to purchase 866,664 common shares at $15.00 per share, which expired December 31, 2004.

JMP received $1,343,619 of underwriting fees in connection with the Company's June 2004 offering of its common stock.

The Company is internally managed and pays no management fee or advisory fees to third parties.

7. Equity Incentive Plan

The Company has authorized and adopted an equity incentive plan (the "2004 Plan") for purposes of attracting and retaining the services of its executive officers and key employees. Under the 2004 Plan, the Company is authorized to issue 5,000,000 shares of common stock under the 2004 Plan. Unless terminated earlier by the Company's Board of Directors, the 2004 Plan will terminate on June 9, 2014, and no additional awards may be made under the 2004 Plan after that date.

Each employee stock option to purchase two shares of common stock may be accompanied by a warrant to purchase one share of common stock within one year and a warrant to purchase one share of common stock within five years. Both options and warrants had an exercise price of $15.00 per share on date of grant (see Note 11). The one-year warrants will expire immediately prior to the Company's election to become a BDC, unless exercised.

A summary of the Company's common stock options and warrant activity under the 2004 Plan for the period ended December 31, 2004, is as follows:

	Common Stock Options	One-Year Warrants	Five-Year Warrants
Outstanding at February 2, 2004 (commencement of operations)	—	—	—
Granted	273,436	106,718	106,718
Exercised	—	—	—
Expired	—	—	—
Outstanding, December 31, 2004	273,436	106,718	106,718

All of the options granted are 100% vested on the date of grant, except for 60,000 options granted to directors, which vest at approximately 50% per year through June 2006, and 16,000 options granted to employees, which vest at approximately 25% per year through November 2008. All options may be exercised for a period ending seven years after the date of grant.

The Company determined that the fair value of options and warrants granted during the period ended December 31, 2004 was $865,000, of which $680,000 was expensed. The fair value of options granted was based upon a Black-Scholes option pricing model and the following assumptions: the exercise price of the option is $15.00 per share, the fair value of common stock on date of grant is equal to $15.00 per share, the dividend yield is 0%, the risk-free interest rate is equal to the T-bill interest rate with a term equal to the expected life of the

option/warrant, and the expected volatility factor is zero. The expected lives of options granted is five years, while the one year warrants have an expected life of six months, 55% of the five year warrants have an expected life of six months, and 45% of the five year warrants have an expected life of five years.

8. Commitments and Contingencies

In the normal course of business, the Company is party to financial instruments with off-balance sheet risk. These instruments consist primarily of unused commitments to extend credit, in the form of loans, to its investee companies. The balance of unused commitments to extend credit at December 31, 2004, was $5,000,000. Since this commitment may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements.

The Company has entered into office leases, with terms of one year or less, for its offices in Palo Alto, Chicago, and Boston totaling approximately $10,000 per month.

The Company does not have a bonus, profit-sharing, or retirement plan, and it terminated its 401(k) plan on December 31, 2004.

9. Credit Risk

The Company invests in private debt securities. Until the securities are sold or mature, the Company is exposed to credit risk relating to whether the issuer will meet its obligation when it comes due. The Company attempts to limit its risk by conducting extensive due diligence and obtaining collateral on all investments. Collateral consists of receivables, cash, equipment, fixtures, all investment property, deposit accounts, and intangible and intellectual property.

Cash and cash equivalents consist of balances held at a United States bank.

10. Indemnifications

The Company enters into contracts that contain a variety of indemnifications. The Company's maximum exposure under these agreements is unknown. However, the Company has no current claims or losses pursuant to these contracts and expects the risk of loss, if any, to be remote.

11. Subsequent Events

On January 14, 2005, the Company notified all shareholders of its intent to elect to be a BDC under the Act. In connection with the BDC election, and in order to comply with BDC regulatory requirements, the Company intends to cancel up to 55% of all outstanding five year warrants, with the warrant holder receiving one share of common stock for every two warrants cancelled. In connection with the cancellation, the exercise price of all remaining one and five year warrants purchased by shareholders was modified, and changed from $15.00 to $10.57.

On January 26, 2005, the CEO, the President, the LLC and four employees purchased 40,000, 13,500, 72,000 and 8,567 units for $1,200,000, $405,000, $2,008,800 and $257,010, respectively. On January 26, 2005, the LLC also purchased 72,000 units for $2,008,800, which is net of an underwriting discount of $151,200.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

STATEMENTS OF ASSETS AND LIABILITIES

	March 31, 2005 (unaudited)	December 31, 2004
Assets		
Investments, at value	$ 32,573,188	$ 16,700,000
Deferred loan origination revenue	(636,862)	(285,232)
Cash and cash equivalents	9,260,362	8,678,329
Deferred offering costs	131,523	—
Interest receivable	183,162	80,902
Prepaid expenses	52,339	20,942
Property and equipment	31,467	35,231
Other	30,933	2,500
Total assets	41,626,112	25,232,672
Liabilities		
Accounts payable and accrued expenses	190,879	154,539
Net assets	$ 41,435,233	$ 25,078,133
Net assets consist of:		
Par value	$ 3,802	$ 2,059
Paid-in capital in excess of par value	43,440,883	27,117,896
Accumulated net investment loss	(2,009,452)	(2,041,822)
Total net assets	$ 41,435,233	$ 25,078,133
Shares of common stock outstanding ($0.001 par value, 25,000,000 authorized)	3,801,965	2,059,270
Net asset value per share	$ 10.90	$ 12.18

See accompanying notes.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

SCHEDULE OF INVESTMENTS (UNAUDITED)

MARCH 31, 2005

(The following investments are all United States enterprises.)

Portfolio Company	Industry	Type of Investment	Principal Amount	Cost[5]	Value[6]
Affinity Express, Inc.[1] (1.69%)*	Internet Consumer and Business Services	Senior Debt Matures November 2007 Interest rate 13.50%	$ 700,000	$ 683,356	$ 683,356
		Common Stock Warrants		17,000	17,000
Affinity Express, Inc.[2] (2.41%)	Internet Consumer and Business Services	Senior Debt Matures November 2007 Interest rate 13.50%	$ 1,000,000	1,000,000	1,000,000
Total Affinity Express, Inc.				1,700,356	1,700,356
Occam Networks, Inc.[2] (7.25%)	Communications	Senior Debt Matures December 2007 Interest rate 11.95%	$ 3,000,000	2,971,583	2,971,583
		Preferred Stock Warrants		14,000	14,000
		Common Stock Warrants		17,000	17,000
Total Occam Networks, Inc.				3,002,583	3,002,583
Gomez, Inc.[2] (6.91%)	Software	Senior Debt Matures December 2007 Interest rate 12.25%	$ 3,000,000	2,827,000	2,827,000
		Preferred Stock Warrants		35,000	35,000
Total Gomez, Inc.				2,862,000	2,862,000
Metreo, Inc.[1] (12.08%)	Software	Senior Debt Matures November 2007 Interest rate 10.95%	$ 5,000,000	4,954,166	4,954,166
		Preferred Stock Warrants		50,000	50,000
Total Metreo, Inc.				5,004,166	5,004,166
Talisma Corp.[2] (9.66%)	Software	Subordinated Debt Matures December 2007 Interest rate 11.25%	$ 4,000,000	3,955,083	3,955,083
		Preferred Stock Warrants		49,000	49,000
Total Talisma Corp.				4,004,083	4,004,083
Concuity, Inc.[4] (12.07%)	Software	Senior Debt Matures April 2008 Interest rate 9.95%	$ 5,000,000	$ 4,996,500	$ 4,996,500
		Preferred Stock Warrants		3,500	3,500
Total Concuity, Inc.				5,000,000	5,000,000
Omrix Biopharmaceuticals, Inc.[4] (7.24%)	Biopharmaceuticals	Senior Debt Matures April 2008 Interest rate 11.45%	$ 3,000,000	2,988,630	2,988,630
		Common Stock Warrants		11,370	11,370
Total Omrix Biopharmaceuticals, Inc.				3,000,000	3,000,000

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.
SCHEDULE OF INVESTMENTS (UNAUDITED)—(continued)
MARCH 31, 2005
(The following investments are all United States enterprises.)

Portfolio Company	Industry	Type of Investment	Principal Amount	Cost[5]	Value[6]
OptiScan Biomedical[3] (7.24%)	Medical Devices & Equipment	Senior Convertible Term Loan Matures March 2008 Interest rate 15.00%	$ 3,000,000	$ 3,000,000	$ 3,000,000
		Preferred Stock Warrants		—	—
Total OptiScan Biomedical				3,000,000	3,000,000
RazorGator, Inc.[3] (8.45%)	Internet Consumer and Business Services	Senior Debt Matures January 2008 Interest rate 9.95%	$ 3,500,000	3,490,865	3,490,865
		Preferred Stock Warrants		9,135	9,135
RazorGator, Inc.[4] (3.62%)	Internet Consumer and Business Services	Senior Debt Matures January 2008 Interest rate 9.95%	$ 1,500,000	1,496,085	1,496,085
		Preferred Stock Warrants		3,915	3,915
Total RazorGator, Inc.				5,000,000	5,000,000
Total investments (78.61%)				$ 32,573,188	$ 32,573,188

* Value as a percent of net assets
(1) Investment made in November 2004.
(2) Investment made in December 2004.
(3) Investment made in February 2005.
(4) Investment made in March 2005.
(5) Tax cost at March 31, 2005 equals book cost. The Company has no gross unrealized appreciation or depreciation.
(6) All investments are restricted at March 31, 2005, and were valued at fair value as determined in good faith by the Board of Directors. No unrestricted securities of the same issuer are outstanding.

See accompanying notes.

HERCULES TEC HNOLOGY GROWTH CAPITAL, INC.

SCHEDULE OF INVESTMENTS

DECEMBER 31, 2004

(The following investments are all United States enterprises.)

Portfolio Company	Industry	Type of Investment	Principal Amount	Cost[3]	Value[4]
Affinity Express, Inc.[1] (6.78%)*	Consumer and Business Services	Senior Debt Matures November 2007 Interest rate 13.50%	$ 700,000	$ 683,000	$ 683,000
		Common Stock Warrants		17,000	17,000
Affinity Express, Inc.[2] (3.99%)	Consumer and Business Services	Senior Debt Matures November 2007 Interest rate 13.50%	$ 1,000,000	1,000,000	1,000,000
Total Affinity Express, Inc.				1,700,000	1,700,000
Occam Networks, Inc.[2] (11.96%)	Communications	Senior Debt Matures December 2007 Interest rate 11.95%	$ 3,000,000	2,969,000	2,969,000
		Preferred Stock Warrants		14,000	14,000
		Common Stock Warrants		17,000	17,000
Total Occam Networks, Inc.				3,000,000	3,000,000
Gomez, Inc.[2] (11.96%)	Software	Senior Debt Matures December 2007 Interest rate 12.25%	$ 3,000,000	2,965,000	2,965,000
		Preferred Stock Warrants		35,000	35,000
Total Gomez, Inc.				3,000,000	3,000,000
Metreo, Inc.[1] (19.94%)	Software	Senior Debt Matures November 2007 Interest rate 10.95%	$ 5,000,000	4,950,000	4,950,000
		Preferred Stock Warrants		50,000	50,000
Total Metreo, Inc.				5,000,000	5,000,000
Talisma Corp.[2] (15.96%)	Software	Subordinated Debt Matures December 2007 Interest rate 11.25%	$ 4,000,000	3,951,000	3,951,000
		Preferred Stock Warrants		49,000	49,000
Total Talisma Corp.				4,000,000	4,000,000
Total investments (66.59%)				$ 16,700,000	$ 16,700,000

* Value as a percent of net assets
(1) Investment made in November 2004.
(2) Investment made in December 2004.
(3) Tax cost at December 31, 2004 equals book cost. The Company has no gross unrealized appreciation or depreciation.
(4) All investments are restricted at December 31, 2004, and were valued at fair value as determined in good faith by the Board of Directors. No unrestricted securities of the issuer are outstanding.

See accompanying notes.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.
STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended March 31, 2005	Period from February 2, 2004 (commencement of operations) to March 31, 2004
Investment income:		
Interest	$ 753,973	$ 2,435
Expenses:		
Employee compensation	494,954	117,942
Stock option costs	24,000	—
General and administrative	198,885	36,408
Organization costs	—	15,000
Depreciation	3,764	—
Total operating expenses	721,603	169,350
Net investment income (loss) and increase (decrease) in net assets resulting from operations	$ 32,370	$ (166,915)

See accompanying notes.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

STATEMENTS OF CHANGES IN NET ASSETS (UNAUDITED)

THREE MONTHS ENDED MARCH 31, 2005 AND PERIOD FROM FEBRUARY 2, 2004 (COMMENCEMENT OF OPERATIONS) TO MARCH 31, 2004

	Common Stock		Preferred Stock				
	Shares	Par Value	Shares	Par Value	Paid-In Capital	Accumulated Net Investment Loss	Net Assets
Balance, February 2, 2004 (commencement of operations)	—	$ —	—	$ —	$ —	$ —	$ —
Issuance of convertible preferred stock, net of placement fees	—	—	600	1	2,574,999	—	2,575,000
Net investment loss	—	—	—	—	—	(166,915)	(166,915)
Balance, March 31, 2004	—	$ —	600	$ 1	$ 2,574,999	$ (166,915)	$ 2,408,085
Balance, December 31, 2004	2,059,270	$ 2,059	—	$ —	$ 27,117,896	$ (2,041,822)	$ 25,078,133
Issuance of common shares on January 26, 2005	268,134	268	—	—	3,870,542	—	3,870,810
Shares issued in lieu of 5 Year Warrants cancelled	298,598	299	—	—	(299)	—	—
Exercise of 1 Year Warrants on February 22, 2005	1,175,963	1,176	—	—	12,428,744	—	12,429,920
Net investment income	—	—	—	—	—	32,370	32,370
Stock options granted	—	—	—	—	24,000	—	24,000
Balance, March 31, 2005	3,801,965	$ 3,802	—	$ —	$ 43,440,883	$ (2,009,452)	$ 41,435,233

See accompanying notes.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

STATEMENTS OF CASH FLOWS (UNAUDITED)

	Three Months Ended March 31, 2005	Period from February 2, 2004 (commencement of operations) to March 31, 2004
Cash flows from operating activities		
Net increase (decrease) in net assets resulting from operations	$ 32,370	$ (166,915)
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash used in operating activities:		
Depreciation	3,764	—
Stock option costs	24,000	—
Purchase of investments	(16,000,000)	—
Principal payments received on investments	140,916	—
Amortization of deferred loan origination revenue	(14,104)	—
Change in operating assets and liabilities:		
Increase in interest receivable	(102,260)	—
Increase in prepaid expenses	(31,397)	(49,543)
Increase in deferred offering costs	(131,523)	(737,173)
Increase in other assets	(28,433)	(3,000)
Increase in accounts payable and accrued expenses	36,340	250,149
Increase in deferred loan origination revenue	351,630	—
Net cash used in operating activities	(15,718,697)	(706,482)
Cash flows from financing activities		
Net proceeds from issuance of convertible preferred stock	—	2,575,000
Net proceeds from issuance of common stock	16,300,730	—
Net increase in cash	582,033	1,868,518
Cash and cash equivalents at beginning of period	8,678,329	—
Cash and cash equivalents at end of period	$ 9,260,362	$ 1,868,518

See accompanying notes.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

FINANCIAL HIGHLIGHTS

THREE MONTHS ENDED MARCH 31, 2005 (UNAUDITED)

Per share net operating performance:	
Beginning net asset value	$ 12.18
Anti-dilutive effect of issuing shares in January 2005	0.26
Dilutive effect of issuing one common share for every two 5 Year Warrants cancelled	(1.41)
Dilutive effect of 1 Year Warrants exercised	(0.15)
Net investment income	0.01
Stock option expense included in net investment income	0.01(1)
Net asset value, March 31, 2005	$ 10.90
Total return	10.52%(2)(3)
Ratios and supplemental data:	
Net assets, March 31, 2005	$41,435,233
Ratio of net operating expense to average net assets	2.20%(3)
Ratio of net investment income to average net assets	0.10%(3)
Portfolio turnover rate	N/A

Financial highlights are not presented for the three months ended March 31, 2004 since there were no common shares outstanding during that period.

(1) Stock option expense is a non-cash expense that has no effect on net asset value. Pursuant to Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment, net investment income includes the expense associated with granting stock options, totaling $0.01 per share, which is offset by a corresponding increase to paid in capital.

(2) The rate of return is for a shareholder who owned common shares throughout the period, and received one additional common share for every two 5 Year Warrants cancelled. Shareholders who purchased common shares on January 26, 2005, or exercised 1 Year Warrants, will have a different rate of return. Company shares were issued in a private placement and are not publicly traded. Therefore, market value total investment return is not presented.

(3) Not annualized.

See accompanying notes.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2005

1. Description of Business and Unaudited Interim Financial Statements Basis of Presentation

Hercules Technology Growth Capital, Inc. (the "Company") is a specialty finance company that provides debt and equity growth capital to technology-related companies at all stages of development. The Company was incorporated under the General Corporation Law of the State of Maryland in December 2003. The Company commenced operations on February 2, 2004, when it sold 600 shares of convertible preferred stock to investors.

The Company is an investment company and has elected to be regulated under the Investment Company Act of 1940 (the "Act") as a business development company ("BDC").

On February 22, 2005, the Company filed with the Securities and Exchange Commission ("SEC") a registration statement for the purpose of registering shares of its common stock for sale in a public offering (the "IPO"). Offering costs incurred in connection with the IPO are accounted for as a deferred asset until shares are sold to the public, at which time the costs will be charged to paid-in capital.

The accompanying interim financial statements are presented in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information, and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with U.S. GAAP are omitted. In the opinion of management, all adjustments, consisting solely of normal recurring accruals considered necessary for the fair presentation of financial statements for the interim period, have been included. The current period's results of operations are not necessarily indicative of results that ultimately may be achieved for the year. The interim unaudited financial statements and notes should be read in conjunction with the audited financial statements and notes thereto as of December 31, 2004, and for the period February 2, 2004 (commencement of operations) to December 31, 2004.

2. Purchases and Sales of Investments

The Company purchased investments, excluding cash equivalents, during the three months ended March 31, 2005 totaling $16,000,000.

Loan origination and commitment fees received in full at the inception of a loan are deferred and amortized into interest income as adjustments to the related loan's yield over the contractual life of the loan.

3. Shareholders' Equity

The Company is authorized to issue 25,000,000 shares of common stock with a par value of $0.001. Each share of common stock entitles the holder to one vote.

On February 2, 2004, the Company sold 600 shares of convertible preferred stock for gross proceeds of $2,750,000 ($2,575,000 net of the placement fee of $175,000) to officers of the Company and JMP Group LLC (the "LLC"), an affiliate of the placement agent.

In June 2004, the Company sold in a private placement 904,635 units for $26,614,080 ($23,864,955 net of underwriting fees and offering costs of $2,749,125), and all the convertible preferred stock was converted into 125,000 units on a 208.3333-for-1 basis. Each unit consisted of two shares of common stock, which were accompanied by a warrant to purchase one share of common stock within one year (the "1 Year Warrant"), and a warrant to purchase one share of common stock within five years (the "5 Year Warrant"). Each warrant had an exercise price of $15.00 per share through January 13, 2005.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS—(Continued)

In conjunction with the Company's decision to elect to be regulated as a BDC, approximately 55% of the 5 Year Warrants were subject to mandatory cancellation under the terms of a Warrant Agreement with the warrant holder receiving one share of common stock for every two warrants cancelled and the exercise price of all warrants were adjusted to the then current net asset value of the common stock, subject to certain adjustments described in the Warrant Agreement. In addition, the 1 Year Warrants became subject to expiration immediately prior to the Company's election to become a BDC, unless exercised. On January 14, 2005, the Company notified all shareholders of its intent to elect to be regulated as a BDC and reduced the exercise price of all remaining 1 and 5 Year Warrants from $15.00 to $10.57, and on February 21 the Company cancelled 47% of all outstanding 5 Year Warrants and issued 298,598 shares of common stock.

On January 26, 2005, the CEO, the President, and four employees purchased 40,000, 13,500, and 8,567 units for $1,200,000, $405,000 and $257,010, respectively. On January 26, 2005, the LLC also purchased 72,000 units for $2,008,800, which is net of its underwriting discount of $151,200.

On February 22, 2005, the majority of shareholders owning 1 Year Warrants exercised them, and purchased 1,175,963 of common shares at $10.57 per share, for total consideration to the Company of $12,429,920.

A summary of activity in the 1 Year and 5 Year Warrants initially attached to units issued from inception of the Company through March 31, 2005 is as follows:

	1 Year Warrants	5 Year Warrants
Units sold in June 2004	904,635	904,635
Conversion of preferred stock to units in June 2004	125,000	125,000
Units sold in January 2005	134,067	134,067
Warrants cancelled in January 2005	(83,334)	(547,030)
Warrants exercised in February 2005	(1,080,368)	—
Warrants outstanding at March 31, 2005	—	616,672

A summary of common stock options and warrant activity under the Company's equity incentive plan for the three months ended March 31, 2005, is as follows:

	Common Stock Options	1 Year Warrants	5 Year Warrants
Outstanding, December 31, 2004	273,436	106,718	106,718
Granted	—	—	—
Exercised	—	(95,595)	—
Cancelled	(60,000)	(11,123)	(50,167)
Outstanding, March 31, 2005	213,436	—	56,551

There were no common stock options or warrants outstanding at March 31, 2004.

4. Related-Party Transactions

The Henriquez Family Trust (the "Trust") and Glen C. Howard, President of the Company (the "President") were each issued 100 shares of Series A-2 convertible preferred stock ("Series A-2") for a total of $250,000 in February 2004. The Trust is affiliated with Manuel A. Henriquez, Chairman of the Board of Directors and Chief Executive Officer of the Company (the "CEO").

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS—(Continued)

The LLC, formerly known as Jolson Merchant Partners Group LLC, purchased 400 shares of Series A-1 convertible preferred stock ("Series A-1") in February 2004 for $2,500,000, and in connection therewith, the Company paid a placement fee of $175,000 to JMP Securities LLC ("JMP"), the placement agent for such offering, and a wholly-owned subsidiary of the LLC. The CEO owns approximately 0.1% of the fully diluted equity of the LLC.

The Series A-1 and Series A-2 shares described above were sold at a price of $6,250 and $1,250 per share, respectively, to reflect the fact that Series A-1 shares have separate preferential voting rights, and a preference on any distribution of assets over Series A-2.

5. Commitments and Contingencies

In the normal course of business, the Company is party to financial instruments with off-balance sheet risk. These instruments consist primarily of unused commitments to extend credit, in the form of loans, to its investee companies. The balance of unused commitments to extend credit at December 31, 2004 and March 31, 2005 totaled $5,000,000 and $9,000,000, respectively. Since this commitment may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements.

6. Indemnification

The Company and its executives are covered by $3,000,000 of Directors and Officers Insurance, with the directors and officers being indemnified by the Company to the maximum extent permitted by Maryland law.

7. Subsequent Event

On April 12, 2005, the Company entered into a bridge loan credit facility (the "Loan") with Alcmene Funding, L.L.C. ("Alcmene"), an affiliate of Farallon Capital Management, L.L.C., a shareholder of the Company. The Loan is a $25 million senior secured term loan, which allows for up to an additional $25 million of discretionary supplemental senior secured loans. The loan is secured by the Company's assets, and matures on October 12, 2005, subject to a one time six month extension at the Company's election. If the Company elects to extend the maturity date, it will pay an extension fee of 1% of the principal amount of the loan. The loan may be prepaid at any time by the Company without penalty. The loan contains a mandatory pay-down provision requiring the Company to turn over to Alcmene all principal payments received from portfolio companies if at such time the Company has less than $5 million in cash or cash equivalents. The interest rate is set at 8% per annum for the initial six-month period, and if the Company extends the term beyond six months, the rate adjusts to 11.5% per annum during the six month extension period. The Company paid an upfront fee of $500,000 at the time of close and is obligated to pay a maturity fee equal to $500,000 upon repayment of the loan.

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Until , 2005 (25 days after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PART C—OTHER INFORMATION

Item 25. Financial Statements and Exhibits

1. *Financial Statements*

The following financial statements of Hercules Technology Growth Capital, Inc. (the "Company" or the "Registrant") are included in this registration statement in "Part A—Information Required in a Prospectus":

2. *Exhibits*

Exhibit Number	Description
a	Form of Articles of Amendment and Restatement.
b	Form of Amended and Restated Bylaws.
d*	Specimen certificate of the Company's common stock, par value $.001 per share.
e*	Form of Dividend Reinvestment Plan.
f.1	Credit Agreement dated as of April 12, 2005 between Hercules Technology Growth Capital, Inc. and Alcmene Funding, L.L.C.
f.2	Pledge and Security Agreement dated as of April 12, 2005 between Hercules Technology Growth Capital, Inc. and Alcmene Funding, L.L.C.
h	Form of Underwriting Agreement.
i.1	Hercules Technology Growth Capital, Inc. 2004 Equity Incentive Plan (2005 Amendment and Restatement).
i.2	Form of Incentive Stock Option Award under the 2004 Equity Incentive Plan.
i.3	Form of Nonstatutory Stock Option Award under the 2004 Equity Incentive Plan.
j	Form of Custody Agreement between the Company and Union Bank of California.
k.1	Form of Registrar, Transfer Agency and Service Agreement between the Company and American Stock Transfer & Trust Company.
k.2**	Warrant Agreement dated June 22, 2004 between the Company and American Stock Transfer & Trust Company, as warrant agent.

Exhibit Number	Description
k.3**	Side Letter dated February 2, 2004 between the Company and Jolson Merchant Partners Group LLC (now known as JMP Group LLC).
k.4**	Registration Rights Agreement dated June 22, 2004 between the Company and JMP Securities LLC.
k.5	Letter Agreement dated February 22, 2005 between the Company and JMP Asset Management LLC.
k.6	Letter Agreement dated February 22, 2005 between the Company and Farallon Capital Management, L.L.C.
l	Opinion of Venable LLP.
n.1	Consent of Ernst & Young LLP.
n.2	Consent of Venable LLP (included in Exhibit l).
n.3	Consent of VentureOne.
p	Subscription Agreement dated February 2, 2004 between the Company and the subscribers identified therein.
r	Code of Ethics.

* To be filed by amendment.
** Previously filed.

Item 26. Marketing Arrangements

The information contained under the heading “Underwriting” on page 94 of the prospectus is incorporated herein by reference.

Item 27. Other Expenses of Issuance and Distribution

The following table sets forth the estimated expenses payable by us in connection with the offering (excluding placement fees):

	Amount
SEC registration fee	$ 12,995
NASD filing fee	12,719
Nasdaq National Market listing fee	105,000
Accounting fees and expenses	225,500
Legal fees and expenses	850,000
Printing expenses	100,000
Blue sky qualification fees and expenses	5,000
Transfer Agent’s fee	7,500
Miscellaneous	6,286
Total	$ 1,325,000

The amounts set forth above, except for the SEC, NASD, and Nasdaq National Market fees, are in each case estimated.

Item 28. Persons Controlled by or Under Common Control

None.

Item 29. Number of Holders of Securities

The following table sets forth the approximate number of record holders of the Company's common stock as of March 31, 2005.

Title of Class	Number of Record Holders
Common stock, par value $.001 per share	31

Item 30. Indemnification

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgment as being material to the cause of action. The Registrant's charter contains such a provision which eliminates directors' and officers' liability to the maximum extent permitted by Maryland law, subject to the requirements of the 1940 Act.

The Registrant's charter authorizes the Registrant, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to obligate itself to indemnify any present or former director or officer or any individual who, while a director or officer of the Registrant and at its request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee, from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in any such capacity and, under certain circumstances and provided certain conditions have been met, to pay or reimburse their reasonable expenses in advance of final disposition of a proceeding. The Registrant's bylaws obligate the Registrant, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to indemnify any present or former director or officer or any individual who, while a director or officer of the Registrant and at its request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee and who is made, or threatened to be made, a party to the proceeding by reason of his or her service in any such capacity from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in any such capacity and, under certain circumstances and provided certain conditions have been met, to pay or reimburse their reasonable expenses in advance of final disposition of a proceeding. The charter and bylaws also permit the Registrant to indemnify and, under certain circumstances and provided certain conditions have been met, advance expenses to any person who served a predecessor of the Registrant in any of the capacities described above and any of the Registrant's employees or agents or any employees or agents of its predecessor. In accordance with the 1940 Act, the Registrant will not indemnify any person for any liability to which such person would be subject by reason of such person's willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office. Additionally, the Registrant will not indemnify any person with respect to any matter as to which such person shall have been finally adjudicated in any proceeding not to have acted in good faith in the reasonable belief that their action was in the best interests of the Registrant.

Maryland law requires a corporation (unless its charter provides otherwise, which the Registrant's charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made, or threatened to be made, a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal

benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that a personal benefit was improperly received, unless in either case a court orders indemnification, and then only for expenses. In addition, Maryland law permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Company pursuant to the provisions described above, or otherwise, the Company has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person in the successful defense of an action, suit or proceeding) is asserted by a director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

In addition, we have agreed to indemnify, to the maximum extent permitted by Maryland law and the 1940 Act, representatives of JMP Asset Management LLC and Farallon Capital Management, L.L.C. on terms similar to those afforded to our directors and officers under our charter and bylaws in connection with their activities in evaluating our investment opportunities prior to our election to be regulated as a business development company.

The Company carries liability insurance for the benefit of its directors and officers (other than with respect to claims resulting from the willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office) on a claims-made basis of up to $3,000,000, subject to a $250,000 retention and the other terms thereof.

The Company has agreed to indemnify the underwriters against specified liabilities for actions taken in their capacities as such, including liabilities under the Securities Act of 1933, as amended.

Item 31. Business and Other Connections of Investment Advisor

Not applicable.

Item 32. Location of Accounts and Records

The Company maintains at its principal office physical possession of each account, book or other document required to be maintained by Section 31(a) of the 1940 Act and the rules thereunder.

Item 33. Management Services

Not applicable.

Item 34. Undertakings

1. The Registrant undertakes to suspend the offering of shares until the prospectus is amended if (1) subsequent to the effective date of this registration statement, the net asset value declines more than ten percent from the net asset value as of the effective date of this registration statement, or (2) the net asset value increases to an amount greater than the net proceeds as stated in the prospectus.

2. The Registrant undertakes that:

(a) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant under Rule 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective; and

(b) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Amendment No. 1 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Palo Alto, and State of California, on the 17th day of May, 2005.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

By: /S/ MANUEL A. HENRIQUEZ

Name: **Manuel A. Henriquez**
Title: **Chairman of the Board, President and Chief Executive Officer**

KNOW ALL MEN BY THESE PRESENT, each person whose signature appears below hereby constitutes and appoints Manuel A. Henriquez and Dennis P. Wolf and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place, and stead, in any and all capacities, to sign any and all amendments to this Registration Statement and any registration statement filed pursuant to Rule 462(b) under the Securities Act, and to file the same, with the SEC, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ MANUEL A. HENRIQUEZ **Manuel A. Henriquez**	Chairman of the Board, President and Chief Executive Officer (principal executive officer)	May 17, 2005
/S/ DENNIS P. WOLF **Dennis P. Wolf**	Chief Financial Officer (principal financial and accounting officer)	May 17, 2005
* **Allyn C. Woodward, Jr.**	Director	May 17, 2005
* **Joseph W. Chow**	Director	May 17, 2005

The undersigned, by signing his name hereto, does sign and execute this Amendment No. 1 to the registration statement pursuant to the Power of Attorney executed by the above named directors of the Registrant and previously filed with the Securities and Exchange Commission on behalf of such directors.

*By: /s/ MANUEL A. HENRIQUEZ Attorney-in-fact May 17, 2005
Manuel A. Henriquez

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n.3	Consent of VentureOne.
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r	Code of Ethics.

* To be filed by amendment.
** Previously filed.

Exhibit A

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

ARTICLES OF AMENDMENT AND RESTATEMENT

FIRST: Hercules Technology Growth Capital, Inc., a Maryland corporation (the "Corporation"), desires to amend and restate its charter as currently in effect and as hereinafter amended.

SECOND: The following provisions are all the provisions of the charter currently in effect and as hereinafter amended:

ARTICLE I

NAME

The name of the corporation (the "Corporation") is:

Hercules Technology Growth Capital, Inc.

ARTICLE II

PURPOSE

The purposes for which the Corporation is formed are to conduct and carry on the business of a business development company, subject to making an election to be regulated as a business development company under the Investment Company Act of 1940, as amended (together with the rules and regulations thereunder, the "1940 Act"), and to engage in any lawful act or activity for which corporations may be organized under the general laws of the State of Maryland as now or hereafter in force.

ARTICLE III

PRINCIPAL OFFICE IN STATE AND RESIDENT AGENT

The address of the principal office of the Corporation in this State is c/o The Corporation Trust Incorporated, 300 East Lombard Street, Baltimore, Maryland 21202. The name and address of the resident agent of the Corporation are The Corporation Trust Incorporated, 300 East Lombard Street, Baltimore, Maryland 21202. The resident agent is a Maryland corporation.

ARTICLE IV

PROVISIONS FOR DEFINING, LIMITING AND REGULATING CERTAIN POWERS OF THE CORPORATION AND OF THE STOCKHOLDERS AND DIRECTORS

Section 4.1 Number, Classification and Election of Directors. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors. The number of directors of the Corporation is three, which number may be increased or decreased only by the Board of Directors pursuant to the Bylaws, but shall never be less than the minimum number required by the Maryland General Corporation Law (the "MGCL") or the Investment Company Act. The names of the directors who shall serve until their successors are duly elected and qualify are:

Joseph W. Chow

Manuel A. Henriquez

Allyn C. Woodward, Jr.

The directors may increase the number of directors and may fill any vacancy, whether resulting from an increase in the number of directors or otherwise, on the Board of Directors in the manner provided in the Bylaws.

The Corporation elects, at such time as it becomes eligible to make the election provided for under Section 3-802(b) of the MGCL, that, subject to applicable requirements of the 1940 Act and except as may be provided by the Board of Directors in setting the terms of any class or series of Preferred Stock (as hereinafter defined), any and all vacancies on the Board of Directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which such vacancy occurred and until a successor is duly elected and qualifies.

On the first date on which the Corporation shall have more than one stockholder of record, the directors (other than any director elected solely by holders of one or more classes or series of Preferred Stock in connection with dividend arrearages) shall be classified, with respect to the terms for which they severally hold office, into three classes, as nearly equal in number as possible as determined by the Board of Directors, one class to hold office initially for a term expiring at the next succeeding annual meeting of stockholders, another class to hold office initially for a term expiring at the second succeeding annual meeting of stockholders and another class to hold office initially for a term expiring at the third succeeding annual meeting of stockholders, with the members of each class to hold office until their successors are duly elected and qualify. At each annual meeting of the stockholders, the successors to the class of directors whose term expires at such meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election and until their successors are duly elected and qualify.

Except as otherwise provided in the Bylaws of the Corporation, each director shall be elected by the affirmative vote of the holders of a majority of the shares of stock outstanding and entitled to vote thereon.

Section 4.2 Extraordinary Actions. Except as specifically provided in Section 4.7 (relating to removal of directors), in Section 6.2 (relating to certain actions and certain amendments to the charter), or as required by the 1940 Act, notwithstanding any other provision of law permitting or requiring any action to be taken or approved by the affirmative vote of the holders of shares entitled to cast a greater number of votes, any such action shall be effective and valid if declared advisable by the Board of Directors and taken or approved by the affirmative vote of holders of shares entitled to cast a majority of all the votes entitled to be cast on the matter.

Section 4.3 Authorization by Board of Stock Issuance. The Board of Directors may authorize the issuance from time to time of shares of stock of the Corporation of any class or series, whether now or hereafter authorized, or securities or rights convertible into shares of its stock of any class or series, whether now or hereafter authorized, for such consideration, if any, as the Board of Directors may deem advisable (or without consideration in the case of a stock split or stock dividend), subject to such restrictions or limitations, if any, as may be set forth in the charter or the Bylaws.

Section 4.4 Quorum. The presence in person or by proxy of the holders of shares of stock of the Corporation entitled to cast a majority of the votes entitled to be cast (without regard to class) shall constitute a quorum at any meeting of stockholders, except with respect to any such matter that, under applicable statutes or regulatory requirements or the charter, requires approval by a separate vote of one or more classes of stock, in which case the

presence in person or by proxy of the holders of shares entitled to cast a majority of the votes entitled to be cast by each such class on such a matter shall constitute a quorum.

Section 4.5 Preemptive Rights and Appraisal Rights. Except as may be provided by the Board of Directors in setting the terms of classified or reclassified shares of stock pursuant to Section 5.4 or as may otherwise be provided by contract, no holder of shares of stock of the Corporation shall, as such holder, have any preemptive right to purchase or subscribe for any additional shares of stock of the Corporation or any other security of the Corporation which it may issue or sell. No holder of stock of the Corporation shall be entitled to exercise the rights of an objecting stockholder under Title 3, Subtitle 2 of the MGCL or any successor statute unless the Board of Directors, upon the affirmative vote of a majority of the entire Board of Directors, shall determine that such rights apply, with respect to all or any classes or series of stock, or any proportion of the shares thereof, to a particular transaction or all transactions occurring after the date of such determination in connection with which holders of such shares would otherwise be entitled to exercise such rights.

Section 4.6 Determinations by Board. The determination as to any of the following matters, made in good faith by or pursuant to the direction of the Board of Directors consistent with the charter, shall be final and conclusive and shall be binding upon the Corporation and every holder of shares of its stock: the amount of the net income of the Corporation for any period and the amount of assets at any time legally available for the payment of dividends, redemption of its stock or the payment of other distributions on its stock; the amount of paid-in surplus, net assets, other surplus, annual or other cash flow, net profit, net assets in excess of capital, undivided profits or excess of profits over losses on sales of assets; the amount, purpose, time of creation, increase or decrease, alteration or cancellation of any reserves

or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged); any interpretation of the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of any class or series of stock of the Corporation; the fair value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by the Corporation or of any shares of stock of the Corporation; the number of shares of stock of any class or series of the Corporation; any matter relating to the acquisition, holding and disposition of any assets by the Corporation; or any other matter relating to the business and affairs of the Corporation or required or permitted by applicable law, the charter or Bylaws or otherwise to be determined by the Board of Directors.

Section 4.7 Removal of Directors. Subject to the rights of holders of one or more classes or series of Preferred Stock to elect or remove one or more directors, any director, or the entire Board of Directors, may be removed from office at any time only for cause and only by the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of directors. For the purpose of this paragraph, "cause" shall mean, with respect to any particular director, conviction of a felony or a final judgment of a court of competent jurisdiction holding that such director caused demonstrable, material harm to the Corporation through bad faith or active and deliberate dishonesty.

ARTICLE V

STOCK

Section 5.1 Authorized Shares. The Corporation has authority to issue 30,000,000 shares of stock, initially consisting of 30,000,000 shares of Common Stock, $.001 par

value per share ("Common Stock"). The aggregate par value of all authorized shares of stock having par value is $30,000. If shares of one class or series of stock are classified or reclassified into shares of another class or series of stock pursuant to this Article V, the number of authorized shares of the former class or series shall be automatically decreased and the number of shares of the latter class or series shall be automatically increased, in each case by the number of shares so classified or reclassified, so that the aggregate number of shares of stock of all classes or series that the Corporation has authority to issue shall not be more than the total number of shares of stock set forth in the first sentence of this paragraph. A majority of the Board of Directors, without any action by the stockholders of the Corporation, may amend the charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that the Corporation has authority to issue.

Section 5.2 Common Stock. Each share of Common Stock shall entitle the holder thereof to one vote. The Board of Directors may reclassify any unissued shares of Common Stock from time to time in one or more classes or series of stock.

Section 5.3 Preferred Stock. The Board of Directors may classify any unissued shares of stock and reclassify any previously classified but unissued shares of stock of any class or series from time to time, in one or more classes or series of stock, including preferred stock ("Preferred Stock").

Section 5.4 Classified or Reclassified Shares. Prior to issuance of classified or reclassified shares of any class or series, the Board of Directors by resolution shall: (a) designate that class or series to distinguish it from all other classes and series of stock of the Corporation; (b) specify the number of shares to be included in the class or series; (c) set or change, subject to the express terms of any class or series of stock of the Corporation outstanding at the time, the

preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or series; and (d) cause the Corporation to file articles supplementary with the State Department of Assessments and Taxation of Maryland ("SDAT"). Any of the terms of any class or series of stock set or changed pursuant to clause (c) of this Section 5.4 may be made dependent upon facts or events ascertainable outside the charter (including determinations by the Board of Directors or other facts or events within the control of the Corporation) and may vary among holders thereof, provided that the manner in which such facts, events or variations shall operate upon the terms of such class or series of stock is clearly and expressly set forth in the articles supplementary or other charter document filed with the SDAT.

Section 5.5 Inspection of Books and Records. Except as otherwise provided in the 1940 Act, a stockholder that is otherwise eligible under applicable law to inspect the Corporation's books of account, stock ledger, or other specified documents of the Corporation shall have no right to make such inspection if the Board of Directors determines that such stockholder has an improper purpose for requesting such inspection.

Section 5.6 Charter and Bylaws. The rights of all stockholders and the terms of all stock are subject to the provisions of the charter and the Bylaws. The Board of Directors of the Corporation shall have the exclusive power to make, alter, amend or repeal the Bylaws.

ARTICLE VI

AMENDMENTS; CERTAIN EXTRAORDINARY TRANSACTIONS

Section 6.1 Amendments Generally. The Corporation reserves the right from time to time to make any amendment to its charter, now or hereafter authorized by law, including any amendment altering the terms or contract rights, as expressly set forth in the charter, of any

shares of outstanding stock. All rights and powers conferred by the charter on stockholders, directors and officers are granted subject to this reservation.

Section 6.2 Approval of Certain Extraordinary Actions and Charter Amendments

(a) Required Votes. Notwithstanding any other provisions in its charter or Bylaws, the affirmative vote of the holders of shares entitled to cast at least seventy-five percent (75%) of the votes entitled to be cast on the matter, each voting as a separate class, shall be necessary to effect:

(i) The liquidation or dissolution of the Corporation and any amendment to the charter of the Corporation to effect any such liquidation or dissolution;

(ii) A conversion of the Company from a "closed-end company" to an "open-end company", as those terms are defined in Sections 5(a)(2) and 5(a)(1), respectively, of the 1940 Act; and

(ii) Any amendment to Section 4.1, Section 4.2, Section 4.7, Section 6.1 or this Section 6.2;

provided, however, that, if the Continuing Directors (as defined herein), by a vote of at least seventy-five percent (75%) of such Continuing Directors, in addition to approval by the Board of Directors, approve such proposal or amendment, the affirmative vote of the holders of a majority of the votes entitled to be cast shall be sufficient to approve such matter.

(b) Continuing Directors. "Continuing Directors" means the directors identified in Section 4.1 and the directors whose nomination for election by the stockholders or whose election by the directors to fill vacancies is approved by a majority of the Continuing Directors then on the Board.

ARTICLE VII

LIMITATION OF LIABILITY; INDEMNIFICATION AND ADVANCE OF EXPENSES

Section 7.1 Limitation of Liability. To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of directors and officers of a corporation, no present or former director or officer of the Corporation shall be liable to the Corporation or its stockholders for money damages but nothing herein contained shall protect any Director or officer against any liability to which he or she would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office

Section 7.2 Indemnification and Advance of Expenses. The Corporation shall have the power, to the maximum extent permitted by Maryland law in effect from time to time, to obligate itself to indemnify, (a) any individual who is a present or former director or officer of the Corporation or (b) any individual who, while a director or officer of the Corporation and at the request of the Corporation, serves or has served as a director, officer, partner or trustee of another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or any other enterprise (each person described in clause (a) or clause (b), a "Covered Person") from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her service in any such capacity, except with respect to any matter as to which such Covered Person shall have been finally adjudicated in a decision on the merits in any such action, suit or other proceeding (a) not to have acted in good faith in the reasonable belief that such Covered Person's action was in the best interests of the Company or (b) to be liable to the Company or its stockholders by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such

Covered Person's office. To the maximum extent permitted by Maryland law, expenses, including counsel fees so incurred by any such Covered Person (but excluding amounts paid in satisfaction of judgments, in compromise or as fines or penalties), may, with the approval of the Board of Directors, be paid from time to time by the Company in advance of the final disposition of any such action, suit or proceeding upon receipt of an undertaking by or on behalf of such Covered Person to repay amounts so paid to the Company if it is ultimately determined that indemnification of such expenses is not authorized under this charter, provided, that (a) such Covered Person shall provide security for his or her undertaking, (b) the Company shall be insured against losses arising by reason of such Covered Person's failure to fulfill his or her undertaking, or (c) a majority of the Directors who are disinterested persons and who are not "interested persons" (as defined in the 1940 Act) of the Company (provided that a majority of such Directors then in office act on the matter), or independent legal counsel in a written opinion shall determine, based on a review of readily available facts (but not a full trial-type inquiry), that there is reason to believe such Covered Person ultimately will be entitled to indemnification. Subject to applicable law, the Corporation shall have the power, with the approval of the Board of Directors, to provide such indemnification and advancement of expenses to a person who served a predecessor of the Corporation in any of the capacities described in (a) or (b) above and to any employee or agent of the Corporation or a predecessor of the Corporation.

Section 7.3 1940 Act. The provisions of this Article VII shall be subject to the limitations of the 1940 Act.

Section 7.4 Amendment or Repeal. Neither the amendment nor repeal of this Article VII, nor the adoption or amendment of any other provision of the charter or Bylaws inconsistent with this Article VII, shall apply to or affect in any respect the applicability of the

preceding sections of this Article VII with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

THIRD: The amendment to and restatement of the charter as hereinabove set forth have been duly advised by the Board of Directors and approved by the stockholders of the Corporation as required by law.

FOURTH: The current address of the principal office of the Corporation is as set forth in Article III of the foregoing amendment and restatement of the charter.

FIFTH: The name and address of the Corporation's current resident agent is as set forth in Article III of the foregoing amendment and restatement of the charter.

SIXTH: The number of directors of the Corporation and the names of those currently in office are as set forth in Article IV of the foregoing amendment and restatement of the charter.

SEVENTH: The total number of shares of stock which the Corporation had authority to issue immediately prior to this amendment and restatement was 25,000,000, consisting of 25,000,000 shares of Common Stock, $0.001 par value per share. The aggregate par value of all shares of stock having par value was $25,000.

EIGHTH: The total number of shares of stock which the Corporation has authority to issue pursuant to the foregoing amendment and restatement of the charter is 30,000,000, consisting of 30,000,000 shares of Common Stock, $0.001 par value per share. The aggregate par value of all authorized shares of stock having par value is $30,000.

NINTH: The undersigned Chief Executive Officer acknowledges these Articles of Amendment and Restatement to be the corporate act of the Corporation and as to all matters or facts required to be verified under oath, the undersigned Chief Executive Officer acknowledges

that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment and Restatement to be signed in its name and on its behalf by its Chief Executive Officer and attested to by its Secretary on this day of , 2005.

ATTEST:

HERCULES TECHNOLOGY
GROWTH CAPITAL, INC.

By:

Secretary

(SEAL)

Chief Executive Officer

Exhibit B

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

AMENDED AND RESTATED BYLAWS

ARTICLE I
OFFICES

SECTION 1. Principal Office. The principal office of the Corporation in the State of Maryland shall be located at such place as the Board of Directors may designate.

SECTION 2. Additional Offices. The Corporation may have additional offices, including a principal executive office, at such places as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

SECTION 1. Place. All meetings of stockholders shall be held at the principal executive office of the Corporation or at such other place as shall be set by the Board of Directors and stated in the notice of the meeting.

SECTION 2. Annual Meeting. Commencing with the 2005 annual meeting of stockholders of the Corporation, an annual meeting of the stockholders for the election of directors and the transaction of any business within the powers of the Corporation shall be held on a date and at the time set by the Board of Directors during the month of May in each year.

SECTION 3. Special Meetings.

(a) *General*. The chairman of the board, president, chief executive officer or Board of Directors may call a special meeting of the stockholders. Subject to subsection (b) of this Section 3, a special meeting of stockholders shall also be called by the secretary of the Corporation upon the written request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast at such meeting, or such lower percentage of outstanding shares as may be required under the Investment Company Act of 1940, as amended (together with the rules and regulations thereunder, the "Investment Company Act").

(b) *Stockholder Requested Meetings.*

(1) Any stockholder of record seeking to have stockholders request a special meeting shall, by sending written notice to the secretary (the "Record Date Request Notice") by registered mail, return receipt requested, request the Board of Directors to fix a record date to determine the stockholders entitled to request a special meeting (the "Request Record Date"). The Record Date Request Notice shall set forth the purpose of the meeting and the matters proposed to be acted on at it, shall be signed by one or more stockholders of record as of the date of signature (or their agents duly authorized in a writing accompanying the Record

Date Request Notice), shall bear the date of signature of each such stockholder (or such agent) and shall set forth all information relating to each such stockholder that must be disclosed in solicitations of proxies for election of directors in an election contest (even if an election contest is not involved), or is otherwise required, in each case pursuant to Regulation 14A (or any successor provision) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Upon receiving the Record Date Request Notice, the Board of Directors may fix a Request Record Date. The Request Record Date shall not precede and shall not be more than ten days after the close of business on the date on which the resolution fixing the Request Record Date is adopted by the Board of Directors. If the Board of Directors, within ten days after the date on which a valid Record Date Request Notice is received, fails to adopt a resolution fixing the Request Record Date, the Request Record Date shall be the close of business on the tenth day after the first date on which the Record Date Request Notice is received by the secretary.

(2) In order for any stockholder to request a special meeting, one or more written requests for a special meeting signed by stockholders of record (or their agents duly authorized in a writing accompanying the request) as of the Request Record Date entitled to cast not less than a majority, or such lower percentage as may be required by the Investment Company Act, (the "Special Meeting Percentage") of all of the votes entitled to be cast at such meeting (the "Special Meeting Request") shall be delivered to the secretary. In addition, the Special Meeting Request (a) shall set forth the purpose of the meeting and the matters proposed to be acted on at it (which shall be limited to those lawful matters set forth in the Record Date Request Notice received by the secretary), (b) shall bear the date of signature of each such stockholder (or such agent) signing the Special Meeting Request, (c) shall set forth the name and address, as they appear in the Corporation's books, of each stockholder signing such request (or on whose behalf the Special Meeting Request is signed) and the class, series and number of all shares of stock of the Corporation which are owned by each such stockholder, and the nominee holder for, and number of, shares owned by such stockholder beneficially but not of record, (d) shall be sent to the secretary by registered mail, return receipt requested, and (e) shall be received by the secretary within 60 days after the Request Record Date. Any requesting stockholder (or agent duly authorized in a writing accompanying the revocation or the Special Meeting Request) may revoke his, her or its request for a special meeting at any time by written revocation delivered to the secretary.

(3) The secretary shall inform the requesting stockholders of the reasonably estimated cost of preparing and mailing the notice of meeting (including the Corporation's proxy materials). The secretary shall not be required to call a special meeting upon stockholder request and such meeting shall not be held unless, in addition to the documents required by paragraph (2) of this Section 3(b), the secretary receives payment of such reasonably estimated cost prior to the mailing of any notice of the meeting.

(4) Except as provided in the next sentence, any special meeting shall be held at such place, date and time as may be designated by the chairman of the board, the president, the chief executive officer or the Board of Directors, whoever has called the meeting. In the case of any special meeting called by the secretary upon the request of stockholders (a "Stockholder Requested Meeting"), such meeting shall be held at such place, date and time as

may be designated by the Board of Directors; provided, however, that the date of any Stockholder Requested Meeting shall be not more than 90 days after the record date for such meeting (the "Meeting Record Date"); and provided further that if the Board of Directors fails to designate, within ten days after the date that a valid Special Meeting Request is actually received by the secretary (the "Delivery Date"), a date and time for a Stockholder Requested Meeting, then such meeting shall be held at 2:00 p.m. local time on the 90th day after the Meeting Record Date or, if such 90th day is not a Business Day (as defined below), on the first preceding Business Day; and provided further that in the event that the Board of Directors fails to designate a place for a Stockholder Requested Meeting within ten days after the Delivery Date, then such meeting shall be held at the principal executive office of the Corporation. In fixing a date for any special meeting, the chairman of the board, the president, the chief executive officer or the Board of Directors may consider such factors as he, she or it deems relevant within the good faith exercise of business judgment, including, without limitation, the nature of the matters to be considered, the facts and circumstances surrounding any request for the meeting and any plan of the Board of Directors to call an annual meeting or a special meeting. In the case of any Stockholder Requested Meeting, if the Board of Directors fails to fix a Meeting Record Date that is a date within 30 days after the Delivery Date, then the close of business on the 30th day after the Delivery Date shall be the Meeting Record Date. The Board of Directors may revoke the notice for any Stockholder Requested Meeting in the event that the requesting stockholders fail to comply with the provisions of paragraph (3) of this Section 3(b).

(5) If written revocations of requests for the special meeting have been delivered to the secretary and the result is that stockholders of record (or their agents duly authorized in writing), as of the Request Record Date, entitled to cast less than the Special Meeting Percentage have delivered, and not revoked, requests for a special meeting to the secretary, the secretary shall: (i) if the notice of meeting has not already been mailed, refrain from mailing the notice of the meeting and send to all requesting stockholders who have not revoked such requests written notice of any revocation of a request for the special meeting, or (ii) if the notice of meeting has been mailed and if the secretary first sends to all requesting stockholders who have not revoked requests for a special meeting written notice of any revocation of a request for the special meeting and written notice of the secretary's intention to revoke the notice of the meeting, revoke the notice of the meeting at any time before ten days before the commencement of the meeting. Any request for a special meeting received after a revocation by the secretary of a notice of a meeting shall be considered a request for a new special meeting.

(6) The Board of Directors, the chairman of the board, the president or the chief executive officer may appoint independent inspectors of elections to act as the agent of the Corporation for the purpose of promptly performing a ministerial review of the validity of any purported Special Meeting Request received by the secretary. For the purpose of permitting the inspectors to perform such review, no such purported request shall be deemed to have been delivered to the secretary until the earlier of (i) five Business Days after receipt by the secretary of such purported request and (ii) such date as the independent inspectors certify to the Corporation that the valid requests received by the secretary represent at least the Special Meeting Percentage. Nothing contained in this paragraph (6) shall in any way be construed to

suggest or imply that the Corporation or any stockholder shall not be entitled to contest the validity of any request, whether during or after such five Business Day period, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

(7) For purposes of these Bylaws, "Business Day" shall mean any day other than a Saturday, a Sunday or other day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

SECTION 4. Notice. Not less than ten nor more than 90 days before each meeting of stockholders, the secretary shall give to each stockholder entitled to vote at such meeting and to each stockholder not entitled to vote who is entitled to notice of the meeting written or printed notice stating the time and place of the meeting and, in the case of a special meeting or as otherwise may be required by any statute, the purpose or purposes for which the meeting is called, either by mail, by presenting it to such stockholder personally, by leaving it at the stockholder's residence or usual place of business, by overnight delivery service, by transmitting the notice by electronic mail or any other electronic means or by any other means permitted by Maryland law. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the stockholder at the stockholder's address as it appears on the records of the Corporation, with postage thereon prepaid.

Subject to Section 11(a) of this Article II, any business of the Corporation may be transacted at an annual meeting of stockholders without being specifically designated in the notice, except such business as is required by any statute to be stated in such notice. No business shall be transacted at a special meeting of stockholders except as specifically designated in the notice.

SECTION 5. Organization and Conduct. Every meeting of stockholders shall be conducted by an individual appointed by the Board of Directors to be chairman of the meeting or, in the absence of such appointment, by the chairman of the board or, in the case of a vacancy in the office or absence of the chairman of the board, by one of the following officers present at the meeting: the vice chairman of the board, if there be one, the president, the vice presidents in their order of rank and seniority, the secretary, the treasurer, or, in the absence of such officers, a chairman chosen by the stockholders by the vote of a majority of the votes cast by stockholders present in person or by proxy. The secretary or, in the secretary's absence, an assistant secretary, or in the absence of both the secretary and assistant secretaries, an individual appointed by the Board of Directors or, in the absence of such appointment, an individual appointed by the chairman of the meeting shall act as secretary. In the event that the secretary presides at a meeting of the stockholders, an assistant secretary, or in the absence of assistant secretaries, an individual appointed by the Board of Directors or the chairman of the meeting, shall record the minutes of the meeting. The order of business and all other matters of procedure at any meeting of stockholders shall be determined by the chairman of the meeting. The chairman of the meeting may prescribe such rules, regulations and procedures and take such action as, in the discretion of such chairman, are appropriate for the proper conduct of the meeting, including, without limitation, (a) restricting admission to the time set for the commencement of the

meeting; (b) limiting attendance at the meeting to stockholders of record of the Corporation, their duly authorized proxies and other such individuals as the chairman of the meeting may determine; (c) limiting participation at the meeting on any matter to stockholders of record of the Corporation entitled to vote on such matter, their duly authorized proxies or other such individuals as the chairman of the meeting may determine; (d) limiting the time allotted to questions or comments by participants; (e) determining when the polls should be opened and closed; (f) maintaining order and security at the meeting; (g) removing any stockholder or any other individual who refuses to comply with meeting procedures, rules or guidelines as set forth by the chairman of the meeting; and (h) concluding the meeting or recessing or adjourning the meeting to a later date and time and at a place announced at the meeting. Unless otherwise determined by the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

SECTION 6. Quorum. At any meeting of stockholders, the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting shall constitute a quorum; but this section shall not affect any requirement under any statute or the charter of the Corporation for the vote necessary for the adoption of any measure. If, however, such quorum shall not be present at any meeting of the stockholders, the chairman of the meeting shall have the power to adjourn the meeting from time to time to a date not more than 120 days after the original record date without notice other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

The stockholders present either in person or by proxy, at a meeting which has been duly called and convened, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

SECTION 7. Voting. Each director shall be elected by the affirmative vote of the holders of a plurality of the shares of stock outstanding and entitled to vote thereon. Each share may be voted for as many individuals as there are directors to be elected and for whose election the share is entitled to be voted. A majority of the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to approve any other matter which may properly come before the meeting, unless more than a majority of the votes cast is required by statute or by the charter of the Corporation. Unless otherwise provided in the charter, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders. Except as otherwise provided in this charter, or as otherwise required by applicable law, all shares of stock of the Corporation then entitled to vote shall be voted in the aggregate as a single class without regard to classes or series of stock.

SECTION 8. Proxies. A stockholder may cast the votes entitled to be cast by the shares of stock owned of record by the stockholder in person or by proxy executed by the stockholder or by the stockholder's duly authorized agent in any manner permitted by law. Such proxy or evidence of authorization of such proxy shall be filed with the secretary of the Corporation before or at the meeting. No proxy shall be valid more than eleven months after its date unless otherwise provided in the proxy.

SECTION 9. Voting of Stock by Certain Holders. Stock of the Corporation registered in the name of a corporation, partnership, trust or other entity, if entitled to be voted, may be voted by the president or a vice president, a general partner or trustee thereof, as the case may be, or a proxy appointed by any of the foregoing individuals, unless some other person who has been appointed to vote such stock pursuant to a bylaw or a resolution of the governing body of such corporation or other entity or agreement of the partners of a partnership presents a certified copy of such bylaw, resolution or agreement, in which case such person may vote such stock. Any director or other fiduciary may vote stock registered in his or her name as such fiduciary, either in person or by proxy.

Shares of stock of the Corporation directly or indirectly owned by it shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares entitled to be voted at any given time, unless they are held by it in a fiduciary capacity, in which case they may be voted and shall be counted in determining the total number of outstanding shares at any given time.

The Board of Directors may adopt by resolution a procedure by which a stockholder may certify in writing to the Corporation that any shares of stock registered in the name of the stockholder are held for the account of a specified person other than the stockholder. The resolution shall set forth the class of stockholders who may make the certification, the purpose for which the certification may be made, the form of certification and the information to be contained in it; if the certification is with respect to a record date or closing of the stock transfer books, the time after the record date or closing of the stock transfer books within which the certification must be received by the Corporation; and any other provisions with respect to the procedure which the Board of Directors considers necessary or desirable. On receipt of such certification, the person specified in the certification shall be regarded as, for the purposes set forth in the certification, the stockholder of record of the specified stock in place of the stockholder who makes the certification.

SECTION 10. Inspectors. The Board of Directors, in advance of any meeting, may, but need not, appoint one or more individual inspectors or one or more entities that designate individuals as inspectors to act at the meeting or any adjournment thereof. If an inspector or inspectors are not appointed, the person presiding at the meeting may, but need not, appoint one or more inspectors. In case any person who may be appointed as an inspector fails to appear or act, the vacancy may be filled by appointment made by the Board of Directors in advance of the meeting or at the meeting by the chairman of the meeting. The inspectors, if any, shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, and determine the result, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. Each such report shall be in writing and signed by him or her or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on the

number of shares represented at the meeting and the results of the voting shall be*prima facie* evidence thereof.

SECTION 11. Advance Notice of Stockholder Nominees for Director and Other Stockholder Proposals.

(a) *Annual Meetings of Stockholders*.

(1) Nominations of individuals for election to the Board of Directors and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors, or (iii) by any stockholder of the Corporation who was a stockholder of record both at the time of giving of notice by the stockholder as provided for in this Section 11(a) and at the time of the annual meeting, who is entitled to vote at the meeting and who has complied with this Section 11(a).

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of paragraph (a)(1) of this Section 11, the stockholder must have given timely notice thereof in writing to the secretary of the Corporation and such other business must otherwise be a proper matter for action by the stockholders. To be timely, a stockholder's notice shall set forth all information required under this Section 11 and shall be delivered to the secretary at the principal executive office of the Corporation not earlier than the 150th day prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting nor later than 5:00 p.m., Eastern Time, on the 120th day prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not earlier than the 150th day prior to the date of such annual meeting and not later than 5:00 p.m., Eastern Time, on the later of the 120th day prior to the date of such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made. The public announcement of a postponement or adjournment of an annual meeting shall not commence a new time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth (i) as to each individual whom the stockholder proposes to nominate for election or reelection as a director, (A) the name, age, business address and residence address of such individual, (B) the class, series and number of any shares of stock of the Corporation that are beneficially owned by such individual, (C) the date such shares were acquired and the investment intent of such acquisition, (D) whether such stockholder believes any such individual is, or is not, an "interested person" of the Corporation, as defined in the Investment Company Act, and information regarding such individual that is sufficient, in the discretion of the Board of Directors or any committee thereof or any authorized officer of the Corporation, to make such determination and (E) all other information relating to such individual that is required to be disclosed in solicitations of proxies for election of directors in an election contest (even if an election contest is not involved), or is otherwise required, in each case pursuant to Regulation 14A (or any successor provision) under the Exchange Act and the rules

thereunder (including such individual's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (ii) as to any other business that the stockholder proposes to bring before the meeting, a description of such business, the reasons for proposing such business at the meeting and any material interest in such business of such stockholder and any Stockholder Associated Person (as defined below), individually or in the aggregate, including any anticipated benefit to the stockholder and the Stockholder Associated Person therefrom; (iii) as to the stockholder giving the notice and any Stockholder Associated Person, the class, series and number of all shares of stock of the Corporation which are owned by such stockholder and by such Stockholder Associated Person, if any, and the nominee holder for, and number of, shares owned beneficially but not of record by such stockholder and by any such Stockholder Associated Person; (iv) as to the stockholder giving the notice and any Stockholder Associated Person covered by clauses (ii) or (iii) of this paragraph (2) of this Section 11(a), the name and address of such stockholder, as they appear on the Corporation's stock ledger and current name and address, if different, and of such Stockholder Associated Person; and (v) to the extent known by the stockholder giving the notice, the name and address of any other stockholder supporting the nominee for election or reelection as a director or the proposal of other business on the date of such stockholder's notice.

(3) Notwithstanding anything in this subsection (a) of this Section 11 to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased and there is no public announcement of such action at least 130 days prior to the first anniversary of the date of mailing of the notice of the preceding year's annual meeting, a stockholder's notice required by this Section 11(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the secretary at the principal executive office of the Corporation not later than 5:00 p.m., Eastern Time, on the tenth day following the day on which such public announcement is first made by the Corporation.

(4) For purposes of this Section 11, "Stockholder Associated Person" of any stockholder shall mean (i) any person controlling, directly or indirectly, or acting in concert with, such stockholder, (ii) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder and (iii) any person controlling, controlled by or under common control with such Stockholder Associated Person.

(b) *Special Meetings of Stockholders.* Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of individuals for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) provided that the Board of Directors has determined that directors shall be elected at such special meeting, by any stockholder of the Corporation who is a stockholder of record both at the time of giving of notice provided for in this Section 11 and at the time of the special meeting, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 11. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more individuals to the Board of Directors, any

such stockholder may nominate an individual or individuals (as the case may be) for election as a director as specified in the Corporation's notice of meeting, if the stockholder's notice required by paragraph (2) of this Section 11(a) shall be delivered to the secretary at the principal executive office of the Corporation not earlier than the 150th day prior to such special meeting and not later than 5:00 p.m., Eastern Time, on the later of the 120th day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. The public announcement of a postponement or adjournment of a special meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

(c) *General*.

(1) Upon written request by the secretary or the Board of Directors or any committee thereof, any stockholder proposing a nominee for election as a director or any proposal for other business at a meeting of stockholders shall provide, within five Business Days of delivery of such request (or such other period as may be specified in such request), written verification, satisfactory, in the discretion of the Board of Directors or any committee thereof or any authorized officer of the Corporation, to demonstrate the accuracy of any information submitted by the stockholder pursuant to this Section 11. If a stockholder fails to provide such written verification within such period, the information as to which written verification was requested may be deemed not to have been provided in accordance with this Section 11.

(2) Only such individuals who are nominated in accordance with this Section 11 shall be eligible for election by stockholders as directors, and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with this Section 11. The chairman of the meeting shall have the power to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with this Section 11.

(3) For purposes of this Section 11, (a) the "date of mailing of the notice" shall mean the date of the proxy statement for the solicitation of proxies for election of directors and (b) "public announcement" shall mean disclosure (i) in a press release reported by the Dow Jones News Service, Associated Press, Business Wire, PR Newswire or comparable news service or (ii) in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to the Exchange Act or the Investment Company Act.

(4) Notwithstanding the foregoing provisions of this Section 11, a stockholder shall also comply with all applicable requirements of state law and of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 11. Nothing in this Section 11 shall be deemed to affect any right of a stockholder to request inclusion of a proposal in, nor the right of the Corporation to omit a proposal from, the Corporation's proxy statement pursuant to Rule 14a-8 (or any successor provision) under the Exchange Act.

SECTION 12. Voting by Ballot. Voting on any question or in any election may be *viva voce* unless the presiding officer shall order or any stockholder shall demand that voting be by ballot.

SECTION 13. Control Share Acquisition Act. Notwithstanding any other provision of the charter of the Corporation or these Bylaws, Title 3, Subtitle 7 of the Maryland General Corporation Law (the "MGCL"), or any successor statute, shall not apply to any acquisition by any person of shares of stock of the Corporation. This section may be repealed, in whole or in part, at any time, whether before or after an acquisition of control shares and, upon such repeal, may, to the extent provided by any successor bylaw, apply to any prior or subsequent control share acquisition.

ARTICLE III
DIRECTORS

SECTION 1. General Powers. The business and affairs of the Corporation shall be managed under the direction of its Board of Directors.

SECTION 2. Number, Tenure and Qualifications. At any regular meeting or at any special meeting called for that purpose, a majority of the entire Board of Directors may establish, increase or decrease the number of directors, provided that the number thereof shall never be less than the minimum number required by the Maryland General Corporation Law, nor more than 12, and further provided that the tenure of office of a director shall not be affected by any decrease in the number of directors. Any director may give notice to the Board of Directors at any time of his or her resignation therefrom.

SECTION 3. Annual and Regular Meetings. An annual meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting of stockholders, no notice other than this Bylaw being necessary. In the event such meeting is not so held, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors. Regular meetings of the Board of Directors shall be held from time to time at such places and times as provided by the Board of Directors by resolution, without notice other than such resolution.

SECTION 4. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the chairman of the board, the chief executive officer, the president or by a majority of the directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix any place as the place for holding any special meeting of the Board of Directors called by them. The Board of Directors may provide, by resolution, the time and place for the holding of special meetings of the Board of Directors without notice other than such resolution.

SECTION 5. Notice. Notice of any special meeting of the Board of Directors shall be delivered personally or by telephone, electronic mail, facsimile transmission, United States mail or courier to each director at his or her business or residence address. Notice by personal

delivery, telephone, electronic mail or facsimile transmission shall be given at least 24 hours prior to the meeting. Notice by United States mail shall be given at least three days prior to the meeting. Notice by courier shall be given at least two days prior to the meeting. Telephone notice shall be deemed to be given when the director or his or her agent is personally given such notice in a telephone call to which the director or his or her agent is a party. Electronic mail notice shall be deemed to be given upon transmission of the message to the electronic mail address given to the Corporation by the director. Facsimile transmission notice shall be deemed to be given upon completion of the transmission of the message to the number given to the Corporation by the director and receipt of a completed answer-back indicating receipt. Notice by United States mail shall be deemed to be given when deposited in the United States mail properly addressed, with postage thereon prepaid. Notice by courier shall be deemed to be given when deposited with or delivered to a courier properly addressed. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Board of Directors need be stated in the notice, unless specifically required by statute or these Bylaws.

SECTION 6. Quorum. A majority of the directors shall constitute a quorum for transaction of business at any meeting of the Board of Directors, provided that, if less than a majority of such directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice, and provided further that if, pursuant to applicable law, the charter of the Corporation or these Bylaws, the vote of a majority of a particular group of directors is required for action, a quorum must also include a majority of such group.

The directors present at a meeting which has been duly called and convened may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

SECTION 7. Voting. The action of the majority of the directors present at a meeting at which a quorum is present shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable law, the charter or these Bylaws. If enough directors have withdrawn from a meeting to leave less than a quorum but the meeting is not adjourned, the action of the majority of that number of directors necessary to constitute a quorum at such meeting shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable law, the charter or these Bylaws.

SECTION 8. Organization. At each meeting of the Board of Directors, the chairman of the board or, in the absence of the chairman, the vice chairman of the board, if any, shall act as chairman of the meeting. In the absence of both the chairman and vice chairman of the board, the chief executive officer or in the absence of the chief executive officer, the president or in the absence of the president, a director chosen by a majority of the directors present, shall act as chairman of the meeting. The secretary or, in his or her absence, an assistant secretary of the Corporation, or in the absence of the secretary and all assistant secretaries, a person appointed by the chairman of the meeting, shall act as secretary of the meeting.

SECTION 9. Telephone Meetings. Directors may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time; provided however, this Section 9 does not apply to any action of the directors pursuant to the Investment Company Act that requires the vote of the directors to be cast in person at a meeting. Participation in a meeting by these means shall constitute presence in person at the meeting.

SECTION 10. Written Consent by Directors. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if a consent to such action is given in writing or by electronic transmission by each director and is filed with the minutes of proceedings of the Board of Directors; provided however, this Section 10 does not apply to any action of the directors pursuant to the Investment Company Act that requires the vote of the directors to be cast in person at a meeting.

SECTION 11. Vacancies. If for any reason any or all the directors cease to be directors, such event shall not terminate the Corporation or affect these Bylaws or the powers of the remaining directors hereunder, if any. Subject to applicable requirements of the Investment Company Act, except as may be provided by the Board of Directors in setting the terms of any class or series of preferred stock, (a) any vacancy on the Board of Directors may be filled only by a majority of the remaining directors, even if the remaining directors do not constitute a quorum and (b) any director elected to fill a vacancy shall serve for the remainder of the full term of the class in which the vacancy occurred and until a successor is elected and qualifies.

SECTION 12. Compensation. Directors shall not receive any stated salary for their services as directors but, by resolution of the Board of Directors, may receive compensation per year and/or per meeting and/or per visit to real property or other facilities owned or leased by the Corporation and for any service or activity they performed or engaged in as directors. Directors may be reimbursed for expenses of attendance, if any, at each annual, regular or special meeting of the Board of Directors or of any committee thereof and for their expenses, if any, in connection with each property visit and any other service or activity they performed or engaged in as directors; but nothing herein contained shall be construed to preclude any directors from serving the Corporation in any other capacity and receiving compensation therefor.

SECTION 13. Loss of Deposits. No director shall be liable for any loss which may occur by reason of the failure of the bank, trust company, savings and loan association, or other institution with whom moneys or stock have been deposited.

SECTION 14. Surety Bonds. Unless required by law, no director shall be obligated to give any bond or surety or other security for the performance of any of his or her duties.

SECTION 15. Reliance. Except to the extent inconsistent with the Investment Company Act, each director, officer, employee and agent of the Corporation shall, in the performance of his or her duties with respect to the Corporation, be fully justified and protected with regard to any act or failure to act in reliance in good faith upon the books of account or other records of the Corporation, upon an opinion of counsel or upon reports made to the Corporation by any of its

officers or employees or by the adviser, accountants, appraisers or other experts or consultants selected by the Board of Directors or officers of the Corporation, regardless of whether such counsel or expert may also be a director.

ARTICLE IV
COMMITTEES

SECTION 1. Number, Tenure and Qualifications. The Board of Directors may appoint from among its members an Executive Committee, an Audit Committee, a Compensation Committee, a Nominating Committee and other committees, composed of one or more directors, to serve at the pleasure of the Board of Directors. Any director may give notice to the Board of Directors at any time of his or her resignation from any committee on which he or she serves.

SECTION 2. Powers. The Board of Directors may delegate to committees appointed under Section 1 of this Article any of the powers of the Board of Directors, except as prohibited by law.

SECTION 3. Meetings. Notice of committee meetings shall be given in the same manner as notice for special meetings of the Board of Directors. A majority of the members of the committee shall constitute a quorum for the transaction of business at any meeting of the committee. The act of a majority of the committee members present at a meeting shall be the act of such committee. The Board of Directors may designate a chairman of any committee, and such chairman or, in the absence of a chairman, any two members of any committee (if there are at least two members of the Committee) may fix the time and place of its meeting unless the Board shall otherwise provide. In the absence of any member of any such committee, the members thereof present at any meeting, whether or not they constitute a quorum, may appoint another director to act in the place of such absent member. Each committee shall keep minutes of its proceedings.

SECTION 4. Telephone Meetings. Members of a committee of the Board of Directors may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

SECTION 5. Written Consent by Committees. Any action required or permitted to be taken at any meeting of a committee of the Board of Directors may be taken without a meeting, if a consent to such action in writing or by electronic transmission is given by each member of the committee and filed with the minutes of proceedings of such committee.

SECTION 6. Vacancies. Subject to the provisions hereof, the Board of Directors shall have the power at any time to change the membership of any committee, to fill all vacancies, to designate alternate members to replace any absent or disqualified member or to dissolve any such committee. Subject to the power of the Board of Directors, the members of a committee shall have the power to fill any vacancies on such committee.

ARTICLE V
OFFICERS

SECTION 1. General Provisions. The officers of the Corporation shall include a president, a secretary and a treasurer and may include a chief executive officer, one or more vice presidents, a chief operating officer, a chief financial officer, one or more assistant secretaries and one or more assistant treasurers. In addition, the Board of Directors may from time to time elect such other officers with such powers and duties as it shall deem necessary or desirable. The Board of Directors may designate a chairman of the board and a vice chairman of the board, who shall not, solely by reason of such designation, be officers of the Corporation but shall have such powers and duties as determined by the Board of Directors from time to time. The officers of the Corporation shall be elected annually by the Board of Directors, except that the chief executive officer or president may from time to time appoint one or more vice presidents, assistant secretaries, assistant treasurers or other officers. Each officer shall hold office until his or her successor is elected and qualifies or until his or her death, or his or her resignation or removal in the manner hereinafter provided. Any two or more offices except president and vice president may be held by the same person. Election of an officer or agent shall not of itself create contract rights between the Corporation and such officer or agent.

SECTION 2. Removal and Resignation. Any officer or agent of the Corporation may be removed, with or without cause, by the Board of Directors if in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer of the Corporation may resign at any time by giving written notice of his or her resignation to the Board of Directors, the chairman of the board, the president or the secretary. Any resignation shall take effect immediately upon its receipt or at such later time specified in the notice of resignation. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation. Such resignation shall be without prejudice to the contract rights, if any, of the Corporation.

SECTION 3. Vacancies. A vacancy in any office may be filled by the Board of Directors for the balance of the term.

SECTION 4. Chief Executive Officer. The Board of Directors may designate a chief executive officer. The chief executive officer shall have general responsibility for implementation of the policies of the Corporation, as determined by the Board of Directors, and for the management of the business and affairs of the Corporation. He or she may execute any deed, mortgage, bond, contract or other instrument in the name of the Corporation, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of chief executive officer and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 5. Chief Operating Officer. The Board of Directors may designate a chief operating officer. The chief operating officer shall have the responsibilities and duties as set forth by the Board of Directors or the chief executive officer.

SECTION 6. Chief Financial Officer. The Board of Directors may designate a chief financial officer. The chief financial officer shall have the responsibilities and duties as set forth by the Board of Directors or the chief executive officer.

SECTION 7. President. In the absence of the designation of a chief executive officer by the Board of Directors, the president shall be the chief executive officer. He or she may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 8. Vice Presidents. In the absence of the president or in the event of a vacancy in such office, the vice president (or in the event there be more than one vice president, the vice presidents in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall perform the duties of the president and when so acting shall have all the powers of and be subject to all the restrictions upon the president; and shall perform such other duties as from time to time may be assigned to such vice president by the president, the chief executive officer or the Board of Directors. The Board of Directors may designate one or more vice presidents as executive vice president, senior vice president or as vice president for particular areas of responsibility.

SECTION 9. Secretary. The secretary shall (a) keep the minutes of the proceedings of the stockholders, the Board of Directors and committees of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Corporation; (d) keep a register of the post office address of each stockholder, which shall be furnished to the secretary by such stockholder; (e) have general charge of the stock transfer books of the Corporation; and (f) in general perform such other duties as from time to time may be assigned to him or her by the chief executive officer, the president or by the Board of Directors.

SECTION 10. Treasurer. The treasurer shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. In the absence of a designation of a chief financial officer by the Board of Directors, the treasurer shall be the chief financial officer of the Corporation.

The treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the president and Board of Directors, at the regular meetings of the Board of Directors or whenever

it may so require, an account of all his or her transactions as treasurer and of the financial condition of the Corporation.

If required by the Board of Directors, the treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his or her office and for the restoration to the Corporation, in case of his or her death, resignation, retirement or removal from office, of all books, papers, vouchers, moneys and other property of whatever kind in his or her possession or under his or her control belonging to the Corporation.

SECTION 11. Assistant Secretaries and Assistant Treasurers. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or treasurer, respectively, or by the president or the Board of Directors. The assistant treasurers shall, if required by the Board of Directors, give bonds for the faithful performance of their duties in such sums and with such surety or sureties as shall be satisfactory to the Board of Directors.

SECTION 12. Salaries. The salaries and other compensation of the officers shall be fixed from time to time by the Board of Directors and no officer shall be prevented from receiving such salary or other compensation by reason of the fact that he or she is also a director.

ARTICLE VI
CONTRACTS, LOANS, CHECKS AND DEPOSITS

SECTION 1. Contracts. The Board of Directors, the Executive Committee or another committee of the Board of Directors within the scope of its delegated authority, may authorize any officer or agent to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances. Any agreement, deed, mortgage, lease or other document shall be valid and binding upon the Corporation when authorized or ratified by action of the Board of Directors or the Executive Committee or such other committee and executed by an authorized person.

SECTION 2. Checks and Drafts. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or agent of the Corporation in such manner as shall from time to time be determined by the Board of Directors.

SECTION 3. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may designate.

ARTICLE VII
STOCK

SECTION 1. Certificates. Except as may be otherwise provided by the Board of Directors, stockholders of the Corporation are not entitled to certificates representing the shares of stock held by them. In the event that the Corporation issues shares of stock represented by certificates, such certificates shall be signed by the officers of the Corporation in the manner permitted by the MGCL and contain the statements and information required by the MGCL. In the event that the Corporation issues shares of stock without certificates, the Corporation shall provide to record holders of such shares a written statement of the information required by the MGCL to be included on stock certificates.

SECTION 2. Transfers. Upon surrender to the Corporation or the transfer agent of the Corporation of a stock certificate duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, the Corporation shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

The Corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Maryland.

Notwithstanding the foregoing, transfers of shares of any class of stock will be subject in all respects to the charter of the Corporation and all of the terms and conditions contained therein.

SECTION 3. Replacement Certificate. The president, treasurer, secretary or any other officer designated by the Board of Directors may direct a new certificate to be issued in place of any certificate previously issued by the Corporation alleged to have been lost, stolen or destroyed upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing the issuance of a new certificate, an officer designated by the Board of Directors may, in his or her discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or the owner's legal representative to advertise the same in such manner as he or she shall require and/or to give bond, with sufficient surety, to the Corporation to indemnify it against any loss or claim which may arise as a result of the issuance of a new certificate.

SECTION 4. Closing of Transfer Books or Fixing of Record Date. The Board of Directors may set, in advance, a record date for the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or determining stockholders entitled to receive payment of any dividend or the allotment of any other rights, or in order to make a determination of stockholders for any other proper purpose. Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than 90 days and, in the case of a meeting of stockholders, not less than ten days, before the date on

which the meeting or particular action requiring such determination of stockholders of record is to be held or taken.

In lieu of fixing a record date, the Board of Directors may provide that the stock transfer books shall be closed for a stated period but not longer than 20 days. If the stock transfer books are closed for the purpose of determining stockholders entitled to notice of or to vote at a meeting of stockholders, such books shall be closed for at least ten days before the date of such meeting.

If no record date is fixed and the stock transfer books are not closed for the determination of stockholders, (a) the record date for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day on which the notice of meeting is mailed or the 30th day before the meeting, whichever is the closer date to the meeting; and (b) the record date for the determination of stockholders entitled to receive payment of a dividend or an allotment of any other rights shall be the close of business on the day on which the resolution of the directors, declaring the dividend or allotment of rights, is adopted.

When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided in this section, such determination shall apply to any adjournment thereof, except when (i) the determination has been made through the closing of the transfer books and the stated period of closing has expired, or (ii) the meeting is adjourned to a date more than 120 days after the record date fixed for the original meeting, in either of which case a new record date shall be determined as set forth herein.

SECTION 5. Stock Ledger. The Corporation shall maintain at its principal office or at the office of its counsel, accountants or transfer agent, an original or duplicate share ledger containing the name and address of each stockholder and the number of shares of each class held by such stockholder.

SECTION 6. Fractional Stock; Issuance of Units. The Board of Directors may issue fractional stock or provide for the issuance of scrip, all on such terms and under such conditions as they may determine. Notwithstanding any other provision of the charter or these Bylaws, the Board of Directors may issue units consisting of different securities of the Corporation. Any security issued in a unit shall have the same characteristics as any identical securities issued by the Corporation, except that the Board of Directors may provide that for a specified period securities of the Corporation issued in such unit may be transferred on the books of the Corporation only in such unit.

ARTICLE VIII
ACCOUNTING YEAR

The Board of Directors shall have the power, from time to time, to fix the fiscal year of the Corporation by a duly adopted resolution.

ARTICLE IX
DISTRIBUTIONS

SECTION 1. Authorization. Dividends and other distributions upon the stock of the Corporation may be authorized by the Board of Directors, subject to the provisions of law and the charter of the Corporation. Dividends and other distributions may be paid in cash, property or stock of the Corporation, subject to the provisions of law and the charter.

SECTION 2. Contingencies. Before payment of any dividends or other distributions, there may be set aside out of any assets of the Corporation available for dividends or other distributions such sum or sums as the Board of Directors may from time to time, in its absolute discretion, think proper as a reserve fund for contingencies, for equalizing dividends or other distributions, for repairing or maintaining any property of the Corporation or for such other purpose as the Board of Directors shall determine to be in the best interest of the Corporation, and the Board of Directors may modify or abolish any such reserve.

ARTICLE X
SEAL

SECTION 1. Seal. The Board of Directors may authorize the adoption of a seal by the Corporation. The seal shall contain the name of the Corporation and the year of its incorporation and the words "Incorporated Maryland." The Board of Directors may authorize one or more duplicate seals and provide for the custody thereof.

SECTION 2. Affixing Seal. Whenever the Corporation is permitted or required to affix its seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a seal to place the word "(SEAL)" adjacent to the signature of the person authorized to execute the document on behalf of the Corporation.

ARTICLE XI
INDEMNIFICATION AND ADVANCE OF EXPENSES

To the maximum extent permitted by Maryland law, in effect from time to time, the Corporation shall indemnify (a) any individual who is a present or former director or officer of the Corporation and who is made, or threatened to be made, a party to the proceeding by reason of his or her service in any such capacity or (b) any individual who, while a director or officer of the Corporation and at the request of the Corporation, serves or has served as a director, officer, partner or trustee of such corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise and who is made, or threatened to be made, a party to the proceeding by reason of his or her service in any such capacity (each person described in clause (a) or clause (b) of this paragraph, a "Covered Person"), except with respect to any matter as to which such Covered Person shall have been finally adjudicated in a decision on the merits in any such action, suit or other proceeding (a) not to have acted in good faith in the reasonable belief that such Covered Person's action was in the best interests of the Company

or (b) to be liable to the Company or its stockholders by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such Covered Person's office. Expenses, including counsel fees so incurred by any such Covered Person (but excluding amounts paid in satisfaction of judgments, in compromise or as fines or penalties), may, with the approval of the Board of Directors, be paid from time to time by the Company in advance of the final disposition of any such action, suit or proceeding upon receipt of an undertaking by or on behalf of such Covered Person to repay amounts so paid to the Company if it is ultimately determined that indemnification of such expenses is not authorized under these Bylaws, provided, that (a) such Covered Person shall provide security for his or her undertaking, (b) the Company shall be insured against losses arising by reason of such Covered Person's failure to fulfill his or her undertaking, or (c) a majority of the Directors who are disinterested persons and who are not "interested persons" (as defined in the 1940 Act) of the Company (provided that a majority of such Directors then in office act on the matter), or independent legal counsel in a written opinion shall determine, based on a review of readily available facts (but not a full trial-type inquiry), that there is reason to believe such Covered Person ultimately will be entitled to indemnification. Subject to applicable law, the Corporation may, with the approval of its Board of Directors or any duly authorized committee thereof, provide such indemnification and advance for expenses to a person who served a predecessor of the Corporation in any of the capacities described in (a) or (b) above and to any employee or agent of the Corporation or a predecessor of the Corporation. Any indemnification or advance of expenses made pursuant to this Article shall be subject to applicable requirements of the Investment Company Act. The indemnification and payment of expenses provided in these Bylaws shall not be deemed exclusive of or limit in any way other rights to which any person seeking indemnification or payment of expenses may be or may become entitled under any bylaw, regulation, insurance, agreement or otherwise.

Neither the amendment nor repeal of this Article, nor the adoption or amendment of any other provision of the Bylaws or charter of the Corporation inconsistent with this Article, shall apply to or affect in any respect the applicability of the preceding paragraph with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

ARTICLE XII
WAIVER OF NOTICE

Whenever any notice is required to be given pursuant to the charter of the Corporation or these Bylaws or pursuant to applicable law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any meeting need be set forth in the waiver of notice, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE XIII
INSPECTION OF RECORDS

A stockholder that is otherwise eligible under applicable law to inspect the Corporation's books of account, stock ledger, or other specified documents of the Corporation shall have no right to make such inspection if the Board of Directors determines that such stockholder has an improper purpose for requesting such inspection.

ARTICLE XIV
INVESTMENT COMPANY ACT

If and to the extent that any provision of the MGCL, including, without limitation, Subtitle 6 and, if then applicable, Subtitle 7, of Title 3 of the MGCL, or any provision of the charter or these Bylaws conflicts with any provision of the Investment Company Act, the applicable provision of the Investment Company Act shall control.

ARTICLE XV
AMENDMENT OF BYLAWS

The Board of Directors shall have the exclusive power to adopt, alter or repeal any provision of these Bylaws and to make new Bylaws.

As Amended and Restated May __, 2005

EXECUTION

Exhibit F.1

CREDIT AGREEMENT

Dated as of April 12, 2005
among
HERCULES TECHNOLOGY GROWTH CAPITAL, INC., as Company,

ALCMENE FUNDING L.L.C.,
as a Lender and as Administrative Agent

and

The Other Lenders now, or that may hereafter become, Party Hereto

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EXHIBITS

SCHEDULES

CREDIT AGREEMENT

This CREDIT AGREEMENT is entered into as of April 12, 2005, among HERCULES TECHNOLOGY GROWTH CAPITAL, INC., a Maryland corporation (the "Company"), the Lenders now, or that may hereafter become, party hereto and ALCMENE FUNDING L.L.C., as a Lender and as Administrative Agent.

WHEREAS, the Lenders agreed to make available to the Company a secured term loan upon the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties agree as follows:

ARTICLE I

DEFINITIONS

1.01 Certain Defined Terms. The following terms have the following meanings:

"Administrative Agent" shall mean Alcmene Funding, L.L.C., in its capacity as Administrative Agent hereunder, and its permitted successors in such capacity in accordance with the terms of this Agreement.

"Administrative Agent's Office" means the Administrative Agent's address and, as appropriate, account as set forth on Schedule 10.02 or such other address or account as the Administrative Agent may from time to time notify to the Company and the Lenders.

"Administrative Questionnaire" means, with respect to each Lender, an administrative questionnaire in the form prepared by the Administrative Agent and submitted to the Administrative Agent duly completed by such Lender.

"Affiliate" means, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to vote ten percent (10%) or more of the equity securities having voting power for the election of directors of such Person, or otherwise to direct or cause the direction of the management and policies of that Person whether through the ownership of voting securities, membership interests, by contract, or otherwise.

"Agent-Related Persons" means the Administrative Agent and its Affiliates and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

"Agreement" means this Credit Agreement.

"Approved Fund" means any Person (other than a natural person) that is, or will be, engaged in making, purchasing, holding or otherwise investing in, commercial loans and similar extensions of credit in the ordinary course of business that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender, or (c) an entity or Affiliate of an entity that administers or manages a Lender.

"Assignee" has the meaning specified in subsection 10.08(a).

"Assignment and Assumption" means an Assignment and Assumption substantially in the form of Exhibit A.

"Attorney Costs" means and includes all reasonable fees and disbursements of any law firm or other external counsel.

"Bankruptcy Code" means the Federal Bankruptcy Reform Act of 1978 (11 U.S.C. §101, et seq.).

"Borrowing" means a borrowing hereunder consisting of Loans made to the Company by any Lender under Article II.

"Borrowing Date" means any date on which a Borrowing occurs.

"Borrowing Loan" means a loan that is owned directly or indirectly by the Company or any of its Subsidiaries and was either originated or purchased from third parties by the Company or any of its Subsidiaries in the ordinary course of the Company's business; provided, however, that "Borrowing Loan" shall not include any such loan originated or purchased by an SBIC Subsidiary.

"Borrowing Loan Concentration Percentage" means at any time, the highest quotient expressed as a percentage for any Borrowing Loan then outstanding, equal to (x) the principal amount of such Borrowing Loan divided by (y) the aggregate principal amount of all Borrowing Loans than outstanding. For purposes of determining the Borrowing Loan Concentration Percentage, all Borrowing Loans made to a Borrowing Loan Party and all of its Affiliates shall be deemed to be a single Borrowing Loan.

"Borrowing Loan Default Percentage" means at any time the quotient expressed as a percentage equal to (x) the aggregate principal amount of all Borrowing Loans as to which an event of default (as determined under the documentation of the respective Borrowing Loans) has occurred and is continuing divided by (y) the aggregate principal amount of all Borrowing Loans at the time outstanding.

"Borrowing Loan Party" means any borrower or guarantor party to any documentation in connection with a Borrowing Loan.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close.

"Capital Adequacy Regulation" means any guideline, request or directive of any central bank or other Governmental Authority, or any other law, rule or regulation, whether or not having the force of law, in each case, regarding capital adequacy of any bank or of any corporation controlling a bank.

"Capital Leases" as applied to any Person, means any lease of any property (whether real, personal or mixed) by that Person as lessee which, in conformity with GAAP, is or should be accounted for as a capital lease on the balance sheet of that Person.

"Capital Stock" means (a) in the case of a corporation, capital stock, (b) in the case of an association or business entity, any and all shares, interests, participations, rights, or other equivalents (however designated) of capital stock, (c) in the case of a partnership, partnership interests (whether general or limited), (d) in the case of a limited liability company, membership interests, (e) any other units, rights, securities, equity interests, participations, or equivalent evidences of ownership that confer on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, and (f) warrants, options, or other similar rights to acquire any of the foregoing.

"Cash or Cash Equivalents" means (i) cash, (ii) direct obligations of the United States Government, including, without limitation, treasury bills, notes and bonds, (iii) interest bearing or discounted obligations of Federal agencies and Government sponsored entities or pools of such instruments offered by banks rated AA or better by S&P or Aa2 by Moody's and dealers, including, without limitation, Federal Home Loan Mortgage Corporation participation sale certificates, Government National Mortgage Association modified pass-through certificates, Federal National Mortgage Association bonds and notes, Federal Farm Credit System securities, (iv) time deposits, domestic and Eurodollar certificates of deposit, bankers acceptances, commercial paper rated at least A-1 by S&P and P-1 by Moody's, and/or guaranteed by an entity having an Aa rating given by Moody's, an AA rating given by S&P, or better rated credit, floating rate notes, other money market instruments and letters of credit each issued by banks which have a long-term debt rating of at least AA by S&P or Aa2 by Moody's, (v) obligations of domestic corporations, including, without limitation, commercial paper, bonds, debentures, and loan participations, each of which is rated at least AA by S&P, and/or Aa2 by Moody's, and/or unconditionally guaranteed by an entity having an AA rating given by S&P, an Aa2 rating given by Moody's, or better rated credit, (vi) obligations issued by states and local governments or their agencies, rated at least MIG-1 by Moody's and/or SP-1 by S&P and/or guaranteed by an irrevocable letter of credit of a bank with a long-term debt rating of at least AA by S&P or Aa2 by Moody's, (vii) repurchase agreements with major banks and primary government securities dealers fully secured by U.S. Government or agency collateral equal to or exceeding the principal amount on a daily basis and held in safekeeping, (viii) real estate loan pool participations, guaranteed by an entity with an AA rating given by S&P or an Aa2 rating given by Moody's, or better rated credit, and (ix) shares of any mutual fund that has its assets primarily invested in the types of investments referred to in clauses (i) through (v).

"CERCLA" has the meaning specified in the definition of "Environmental Laws."

"Change of Control" means (i) there shall be a change in the majority of the board of directors of the Company during any twelve (12) month period, excluding any change in directors resulting from (x) the death or disability of any director, or (y) satisfaction of any requirement for the majority of the members of the board of directors of the Company to qualify under applicable law as independent directors or (z) the replacement of any director who is an officer or employee of the Company or an Affiliate of the Company with any other officer or employee of the Company or an Affiliate of the Company; and (ii) any Person (including Affiliates of such Person, but excluding any Lender or any Affiliate of any Lender) or "group" (as such term is defined in applicable federal securities laws and regulations), who is not an Existing Significant Stockholder, shall acquire more than twenty-five percent (25%) of the common shares of the Company; provided, however, that in no event shall the issuance of shares in the Company's IPO be deemed to trigger a Change of Control, unless a Person (including an Affiliate of such Person) that is not an Existing Significant Shareholder holds more than forty percent (40%) of the common shares of the Company immediately following the consummation of the IPO.

"Closing Date" means the date on which all conditions precedent set forth in Section 4.01 are satisfied or waived by the Administrative Agent.

"Code" means the Internal Revenue Code of 1986, as amended, and as it may be further amended from time to time, any successor thereto, and regulations promulgated thereunder.

"Collateral" means all property and interests in property and proceeds thereof now owned or hereafter acquired by the Company and its Subsidiaries in or upon which a Lien now or hereafter exists in favor of the Administrative Agent, as secured party, whether under this Agreement or under any other documents executed by any such Person and delivered to the Administrative Agent.

"Collateral Documents" means, collectively, (i) the Pledge and Security Agreement and all other security agreements, mortgages, deeds of trust, patent and trademark assignments, lease assignments, guarantees and other similar agreements between the Company or any other Loan Party and the Administrative Agent or any Lender now or hereafter delivered to the Administrative Agent pursuant to or in connection with the transactions contemplated hereby, and all financing statements (or comparable documents now or hereafter filed in accordance with the UCC or comparable law) against the Company or any other Loan Party as debtor in favor of the Administrative Agent as secured party, (ii) the Custody Agreement, (iii) the Deposit Account Control Agreement, the (iv) the Securities Account Control Agreement, and (v) any amendments, supplements, modifications, renewals, replacements, consolidations, substitutions and extensions of any of the foregoing.

"Consolidated Subsidiary" means, at any date any Subsidiary or other entity which is consolidated with the Company in accordance with GAAP.

"Contingent Obligation" means, as to any Person, any direct or indirect liability of that Person, whether or not contingent, with or without recourse, (a) with respect to any Indebtedness, lease, dividend, letter of credit or other obligation (the "primary obligations") of another Person (the "primary obligor"), including any obligation of that Person (i) to purchase, repurchase or otherwise acquire such primary obligations or any security therefor, (ii) to advance or provide funds for the payment or discharge of any such primary obligation, or to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (iv) otherwise to assure or hold harmless the holder of any such primary obligation against loss in respect thereof (each, a "Guaranty Obligation"); (b) with respect to any Surety Instrument issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings or payments; (c) to purchase any materials, supplies or other property from, or to obtain the services of, another Person if the relevant contract or other related document or obligation requires that payment for such materials, supplies or other property, or for such services, shall be made regardless of whether delivery of such materials, supplies or other property is ever made or tendered, or such services are ever performed or tendered, or (d) in respect of any Swap Contract. The amount of any Contingent Obligation shall, in the case of Guaranty Obligations, be deemed equal to the stated or determinable amount of the primary obligation in respect of which such Guaranty Obligation is made or, if not stated or if indeterminable, the maximum reasonably anticipated liability in respect thereof, and in the case of other Contingent Obligations other than in respect of Swap Contracts, shall be equal to the maximum reasonably anticipated liability in respect thereof and, in the case of Contingent Obligations in respect of Swap Contracts, shall be equal to the Swap Termination Value; provided, however, that commitments to fund Borrowing Loans shall not be considered "Contingent Obligations" so long as the Company has available Cash or Cash Equivalents to fund such commitments and, after giving effect to such funding, the Company is not otherwise in violation of any covenant or agreement set forth in this Agreement.

"Contractual Obligation" means, as to any Person, any provision of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument, document or agreement to which such Person is a party or by which it or any of its property is bound.

"Custody Agreement" means the custody agreement with respect to the Collateral consisting of certificates and other instruments (including promissory notes, securities, warrants and other certificates) of the Company dated as of the date hereof by and among Union Bank of California, N.A., the Company and the Administrative Agent.

"Customary Non-Recourse Carve-Outs" means fraud, misrepresentation, misapplication of cash, waste, environmental claims and liabilities and other circumstances customarily excluded by institutional lenders from exculpation provisions and/or included in separate indemnification agreements.

"Default" means any event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute an Event of Default.

"Deposit Account Control Agreement" means the deposit account control agreement dated as of the date hereof, by and among Union Bank of California, N.A., the Company and the Administrative Agent.

"Depreciation and Amortization" means, for any period, the depreciation and amortization of the Company and its Consolidated Subsidiaries, on a consolidated basis, all as determined in accordance with GAAP.

"Dollars", "dollars" and "$" each mean lawful money of the United States.

"EBITDA" means, for any period, Net Income, plus each of the following (without duplication as an addition) if and only if such item was deducted in determining Net Income: (1) Interest Expense, (2) Total Taxes, (3) Depreciation and Amortization, (4) all other non-cash charges required to be recognized as an expense under GAAP, excluding any write-downs of any Borrowing Loans, and (5) costs and expenses incurred in connection with (x) the financing of the Loans hereunder and (y) the IPO, all for such period.

"Environmental Claims" means all claims, however asserted, by any Governmental Authority or other Person alleging potential liability or responsibility for violation of any Environmental Law, or for release or injury to the environment or threat to public health, personal injury (including sickness, disease or death), property damage, natural resources damage, or otherwise alleging liability or responsibility for damages (punitive or otherwise), cleanup, removal, remedial or response costs, restitution, civil or criminal penalties, injunctive relief, or other type of relief, resulting from or based upon the presence, placement, discharge, emission or release (including intentional and unintentional, negligent and non-negligent, sudden or non-sudden, accidental or non-accidental, placement, spills, leaks, discharges, emissions or releases) of any Hazardous Material at, in, or from Property, owned or occupied by the Company.

"Environmental Laws" means all federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authorities, in each case relating to environmental, health, safety and land use matters; including the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), the Clean Air Act, the Federal Water Pollution Control Act of 1972, the Solid Waste Disposal Act, the Federal Resource Conservation and Recovery Act, the Toxic Substances Control Act, the Emergency Planning and Community Right-to-Know Act.

"ERISA" means the Employee Retirement Income Security Act of 1974, and regulations promulgated thereunder.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with the Company within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Company or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations which is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Company or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Company or any ERISA Affiliate.

"Event of Default" means any of the events or circumstances specified in Section 8.01.

"Exchange Act" means the Securities Exchange Act of 1934, and regulations promulgated thereunder.

"Existing Significant Stockholder" means Farallon Capital Management, L.L.C. or JMP Group LLC, as the case may be.

"Extended Maturity Date" has the meaning set forth in subsection 2.07(b) hereof.

"Extension Fee" shall mean a fee in an amount equal to 1.0% of the aggregate outstanding principal amount of the Loans on the Extended Maturity Date, due and payable in accordance with subsection 2.07(b) hereof.

"Extension Notice" has the meaning set forth in subsection 2.07(b) hereof.

"Extension Option" has the meaning set forth in subsection 2.07(b) hereof.

"Extension Period" has the meaning set forth in subsection 2.07(b) hereof.

"Federal Funds Rate" means, for any day, the rate set forth in the statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Bank of New York (including any such successor), on the preceding Business Day opposite the caption "Federal Funds (Effective)"; or, if for any relevant day such rate is not so published on such preceding Business Day, the rate for such day will be the arithmetic mean as determined by the Administrative Agent of the rates for the last

transaction in overnight Federal funds arranged prior to 9:00 a.m. (New York City time) on that day by each of three leading brokers of Federal funds transactions in New York City selected by the Administrative Agent.

"Fee Letter" means the fee letter between the Company and Administrative Agent, dated as of the Closing Date.

"Fixed Charges" means, for any period, the sum of (i) Total Debt Service for such period, plus (ii) dividends on preferred equity payable by the Company and its Subsidiaries for such period.

"FRB" means the Board of Governors of the Federal Reserve System, and any Governmental Authority succeeding to any of its principal functions.

"Foreign Lender" has the meaning assigned thereto in subsection 10.13(c).

"Further Taxes" means any and all present or future taxes, levies, assessments, imposts, duties, deductions, fees, withholdings or similar charges (including, without limitation, net income taxes and franchise taxes), and all liabilities with respect thereto, imposed by any jurisdiction on account of amounts payable or paid pursuant to Section 3.01.

"GAAP" means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board, the Public Company Accounting Oversight Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Guaranty Obligation" has the meaning specified in the definition of "Contingent Obligation."

"Hazardous Materials" means all those substances that are regulated by, or which may form the basis of liability under, any Environmental Law, including any substance identified under any Environmental Law as a pollutant, contaminant, hazardous waste, hazardous constituent, special waste, hazardous substance, hazardous material, or toxic substance, or petroleum or petroleum derived substance or waste.

"Indebtedness" as applied to any Person (and without duplication), means (a) all indebtedness, obligations or other liabilities of such Person for borrowed money, (b) all

indebtedness, obligations or other liabilities of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all Contingent Obligations of such Person, (d) all reimbursement obligations and other liabilities of such Person with respect to letters of credit or Banker's acceptances issued for such Person's account, or other similar instruments for which a contingent liability exists, (e) all obligations of such Person to pay the deferred purchase price of Property or services, (f) all obligations in respect of Capital Leases (including ground leases) of such Person, (g) all indebtedness obligations or other liabilities of such Person or others secured by a Lien on any asset of such Person, whether or not such indebtedness, obligations or liabilities are assumed by, or are a personal liability of such Person, (h) all indebtedness, obligations or other liabilities (other than interest expense liability) in respect of Swap Contracts and foreign currency exchange agreements, (i) ERISA obligations currently due and payable and (j) all other items which, in accordance with GAAP, would be included as liabilities on the liability side of the balance sheet of such Person; provided, however, that "Indebtedness" shall not include trade payables incurred in the ordinary course of business and which are outstanding for less than ninety (90) days.

"Indemnified Liabilities" has the meaning specified in Section 10.05.

"Indemnified Person" has the meaning specified in Section 10.05.

"Independent Auditor" has the meaning specified in subsection 6.01(a).

"Initial Maturity Date" shall mean the 6 (six) month anniversary of the Closing Date.

"Insolvency Proceeding" means, with respect to any Person, (a) any case, action or proceeding with respect to such Person before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors, or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors; undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code.

"Intellectual Property" has the meaning specified in Section 5.16.

"Interest Expense" means, for any period, interest expenses of the Company and its Consolidated Subsidiaries, on a consolidated basis, as determined in accordance with GAAP.

"Interest Payment Date" means, as to any Loan, the last day of each calendar month;provided that if any Interest Payment Date would otherwise fall on a day that is not a Business Day, that Interest Payment Date shall be extended to the following Business Day.

"IPO" means an initial underwritten public offering of an entity's common stock that is registered pursuant to the Securities Act of 1933, as it may be hereafter amended, supplemented or otherwise modified from time to time.

"IRS" means the Internal Revenue Service, and any Governmental Authority succeeding to any of its principal functions under the Code.

"Lending Office" means, as to each Lender, its office located at its address in the United States set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Lending Office) or such other office as such Lender may hereafter designate as its Lending Office by notice to the Company and the Administrative Agent.

"Lien" means any security interest, mortgage, deed of trust, pledge, hypothecation, assignment, charge or deposit arrangement, encumbrance, lien (statutory or other) or preferential arrangement of any kind or nature whatsoever in respect of any property (including those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a capital lease, any financing lease having substantially the same economic effect as any of the foregoing, or the filing of any financing statement naming the owner of the asset to which such lien relates as debtor, under the Uniform Commercial Code or any comparable law) and any contingent or other agreement to provide any of the foregoing, but not including the interest of a lessor under an operating lease.

"Loan" means an extension of credit by a Lender to the Company under Article II and includes any Term Loan and any Supplemental Loan.

"Loan Coverage Ratio" means the ratio of (x) the sum, without duplication, of the Company's Net Loan Assets plus Cash or Cash Equivalents held by the Company to (y) all secured Indebtedness of the Company and its Subsidiaries that does not rank junior to any other Indebtedness of the Company. For purposes of determining the Loan Coverage Ratio there shall be excluded any Cash Equivalents and Indebtedness of any SBIC Subsidiary.

"Loan Documents" means this Agreement, any Notes, the Collateral Documents, the Fee Letter and all other documents delivered to the Administrative Agent in connection with the transactions contemplated by this Agreement.

"Loan Party" means the Company and any Subsidiary of Company that is party to any Loan Document.

"Margin Stock" means "margin stock" as such term is defined in Regulation T, U or X of the FRB.

"Material Adverse Effect" means an effect resulting from any circumstance or event or series of related circumstances or events, of whatever nature (but excluding general economic conditions) which does or could reasonably be expected to, materially and adversely (a) affect the operations, business, properties, condition (financial or otherwise) or prospects of the Company and/or its Subsidiaries taken as a whole; (b) impair the ability of the Company and/or its Subsidiaries to perform their respective obligations under any Loan Document; or (c) affect (i) the legality, validity, binding effect or enforceability against the Company and/or its Subsidiaries of any Loan

Document, or (ii) the perfection or priority of any Lien granted under any of the Collateral Documents.

"Materials of Environmental Concern" means any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, defined or regulated as such in or under any Environmental Laws, including, without limitation, asbestos, polychlorinated biphenyls, and urea-formaldehyde insulation.

"Maturity Date" means the Initial Maturity Date, provided that after the exercise by the Company of the Extension Option pursuant to subsection 2.07(b) hereof, the "Maturity Date" shall mean the Extended Maturity Date, or such earlier date on which all of the Obligations hereunder become due and payable, whether at such stated maturity date, by declaration of acceleration, or otherwise.

"Maturity Fee" shall have the meaning assigned there to in the Fee Letter.

"Multiemployer Plan" means a "multiemployer plan", within the meaning of Section 4001(a)(3) of ERISA, to which the Company or any ERISA Affiliate makes, is making, or is obligated to make contributions or, during the preceding three calendar years, has made, or been obligated to make, contributions.

"Net Assets" means, as at any date of determination, Total Assetsminus Total Liabilities.

"Net Assets Per Share" means the Net Assets divided by the number of shares of Capital Stock of the Company entitled to share generally in dividends and distributions, including distributions in liquidation.

"Net Income" means, for any period, net income of the Company and its Consolidated Subsidiaries, on a consolidated basis, all as determined in accordance with GAAP.

"Net Loan Assets" means the value all Borrowing Loans outstanding at the relevant time, as such value is determined in accordance with Section 2(a)(41)(B)(ii) of the Investment Company Act of 1940.

"Net Offering Proceeds" means all cash or other assets received by the Company or any of its Subsidiaries as a result of the sale of common stock, preferred stock, convertible securities or other ownership or equity interests in the Company or any of its Subsidiaries, less customary costs of issuance. "Net Offering Proceeds" shall not include proceeds received in connection with the exercise of any warrant.

"Note" means a promissory note executed by the Company in favor of a Lender pursuant to subsection 2.02(b), in substantially the form ofExhibit D.

"Obligations" means all advances, debts, liabilities, obligations, covenants and duties arising under any Loan Document owing by the Company to the Administrative

Agent or any Lender, or any Indemnified Person, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising.

"Organization Documents" means, for any corporation, the certificate or articles of incorporation, the bylaws, any certificate of determination or instrument relating to the rights of preferred shareholders of such corporation, any shareholder rights agreement, and all applicable resolutions of the board of directors (or any committee thereof) of such corporation, and the equivalent documents for any other type of entity.

"Other Taxes" means any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery, performance, enforcement or registration of, or otherwise with respect to, this Agreement or any other Loan Documents.

"Participant" has the meaning specified in subsection 10.08(c).

"PBGC" means the Pension Benefit Guaranty Corporation, or any Governmental Authority succeeding to any of its principal functions under ERISA.

"Pension Plan" means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA which the Company sponsors, maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a multiple employer plan (as described in Section 4064(a) of ERISA) has made contributions at any time during the immediately preceding five (5) plan years.

"Permitted Distributions" means at such time as the Company is a Registered Investment Company, any dividend or distribution paid by the Company in order to comply with any Requirement of Law governing required distributions by Registered Investment Companies.

"Permitted Liens" has the meaning specified in Section 7.01.

"Person" means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or Governmental Authority.

"Plan" means an employee benefit plan (as defined in Section 3(3) of ERISA) which the Company sponsors or maintains or to which the Company makes, is making, or is obligated to make contributions and includes any Pension Plan.

"Pledge and Security Agreement" means the Pledge and Security Agreement dated as of the date hereof by and between Company and Administrative Agent, substantially in the form of Exhibit F.

"Pledged Collateral" has the meaning specified in the Pledge and Security Agreement.

"Property" means, with respect to any Person, any real or personal property, building, facility, structure, equipment or unit, or other asset owned or leased by such Person.

"Pro Rata Share" means, with respect to each Lender, the percentage (carried out to the ninth decimal place) of the Loans set forth opposite the name of such Lender on Schedule 2.01, as such share may be adjusted as contemplated herein.

"Register" has the meaning set forth in subsection 10.08(b).

"Registered Investment Company" means a company that is treated as a "Registered Investment Company" under Subchapter M of the Code.

"Reportable Event" means, any of the events set forth in Section 4043(b) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

"Required Lenders" means, at any time, Lenders having at least 51% of the aggregate amount of the outstanding Loans.

"Requirement of Law" means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject.

"Responsible Officer" means the chief executive officer or the president of the Company, or any other officer having substantially the same authority and responsibility; or, with respect to compliance with financial covenants, the chief financial officer or the treasurer of the Company, or any other officer having substantially the same authority and responsibility.

"Restricted Payment" means (a) any dividend or other payment or distribution, direct or indirect, on account of any shares of any class of Capital Stock of the Company or any of its Subsidiaries, now or hereafter outstanding (including without limitation, any payment in connection with any dissolution, merger, consolidation, or disposition involving the Company or any of its Subsidiaries), or to the holders, in their capacity as such, of any shares of any class of Capital Stock of the Company or any of its Subsidiaries, now or hereafter outstanding (other than dividends or distributions payable in the same class of Capital Stock of the applicable Person or dividends or distributions payable to the Company (directly or indirectly through its Subsidiaries) or any such dividends or distributions payable to the Company), (b) any redemption, retirement, sinking fund or similar payment, purchase, or other acquisition for value, direct or indirect, of any shares of any class of Capital Stock of the Company or any of its Subsidiaries, now or hereafter outstanding, and (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options, or other rights to acquire shares of any class of Capital Stock, or any securities convertible into or exchangeable for Capital Stock, of the Company or any of its Subsidiaries, now or hereafter outstanding.

"SBIC Subsidiary" means each of Hercules Technology II, L.P., a Delaware limited partnership and Hercules Technology SBIC Management, LLC, a Delaware limited liability company.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"Securities Account Control Agreement" means the securities account control agreement dated as of the date hereof, by and among Union Bank of California, N.A., the Company and the Administrative Agent.

"Solvent" means, as to any Person at any time, that (a) the fair value of the property of such Person is greater than the amount of such Person's liabilities (including disputed, contingent and unliquidated liabilities); (b) the present fair saleable value of the property of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured; (c) such Person is able to realize upon its property and pay its debts and other liabilities (including disputed, contingent and unliquidated liabilities) as they mature in the normal course of business; (d) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature; and (e) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute unreasonably small capital. For purposes of this definition, the amount of any contingent liability shall be computed as the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Subject Properties" shall have the meaning assigned thereto in subsection 5.12(a).

"Subsidiary" means any corporation or other entity (i) in which an entity owns at least fifty percent (50%) of the securities or other ownership interests of such corporation or other entity; (ii) of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by the Company; or (iii) in the case of a limited partnership, in which an entity owns or controls the general partner of such limited partnership and, in the case of a limited liability company, in which an entity owns or controls the managing member or, if there is more than one managing member, a majority of the managing members of such limited liability company.

"Supplemental Loan" has the meaning assigned thereto in subsection 2.01(b).

"Surety Instruments" means all letters of credit (including standby and commercial), banker's acceptances, bank guaranties, shipside bonds, surety bonds and similar instruments.

"Swap Contract" means any agreement, whether or not in writing, relating to any transaction that is a rate swap, basis swap, forward rate transaction, commodity swap,

commodity option, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction, currency swap, cross-currency rate swap, swaption, currency option or any other, similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a) the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined in good faith by the Board of Directors of the Company based upon one or more available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender).

"Taxes" means any and all present or future taxes, levies, assessments, imposts, duties, deductions, fees, withholdings or similar charges, and all liabilities with respect thereto, excluding, in the case of any Lender, taxes imposed on or measured by its net income by the jurisdiction (or any political subdivision thereof) under the laws of which such Lender, is organized or maintains a lending office.

"Term Loan" has the meaning specified in subsection 2.01(a) hereof.

"Total Assets" means, as of the date of determination, the total assets of the Company and its Consolidated Subsidiaries, on a consolidated basis, each as determined in accordance with GAAP.

"Total Debt Service" means, for any period, an amount equal to the sum of (i) cash interest payable on Indebtedness of the Company and its Subsidiaries for such period plus (ii) scheduled payments of principal on such Indebtedness, whether or not paid by the Company (excluding balloon payments) for such period;provided that Total Debt Service shall not include the Extension Fee or the Maturity Fee.

"Total Liabilities" means, as of the date of determination, total liabilities of the Company and its Consolidated Subsidiaries, on a consolidated basis, all as determined in accordance with GAAP.

"Total Taxes" means, for any period, the taxes of the Company and its Consolidated Subsidiaries, on a consolidated basis, all as determined in accordance with GAAP.

"UCC" means the Uniform Commercial Code as in effect in the relevant jurisdiction.

"Unfunded Pension Liability" means the excess of a Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Plan's assets,

determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

"United States" and "U.S." each means the United States of America.

1.02 Other Interpretive Provisions. (a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words "hereof", "herein", "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and subsection, Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(c) (i) The term "documents" includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced.

(ii) The term "including" is not limiting and means "including without limitation."

(iii) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding", and the word "through" means "to and including."

(iv) The term "property" includes any kind of property or asset, real, personal or mixed, tangible or intangible.

(d) Unless otherwise expressly provided herein, (i) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document, and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

(e) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(f) This Agreement and other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and shall each be performed in accordance with their terms. Unless otherwise expressly provided, any reference to any action of the Administrative Agent or any Lender by way of consent, approval or waiver shall be deemed modified by the phrase "in its sole discretion."

(g) This Agreement and the other Loan Documents are the result of negotiations among and have been reviewed by counsel to the Administrative Agent, the Company and the other parties, and are the products of all parties. Accordingly, they shall not be construed against the Administrative Agent merely because of the Administrative Agent's involvement in their preparation.

1.03 Accounting Principles. (a) Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made, in accordance with GAAP, consistently applied.

(b) References herein to "fiscal year" and "fiscal quarter" refer to such fiscal periods of the Company.

ARTICLE II

THE CREDITS

2.01 Amounts and Terms of the Loans.

(a) Term Loans. Each Lender severally agrees, on the terms and conditions set forth herein, to make its Pro Rata Share of a loan to the Company (each such Pro Rata Share, a "Term Loan") on the Closing Date in an amount equal to Twenty-Five Million Dollars ($25,000,000). Amounts borrowed as Term Loans which are repaid or prepaid by the Company may not be reborrowed.

(b) Supplemental Loans. (i) At anytime prior to the Maturity Date, the Company may submit a request to the Administrative Agent for a supplemental loan under this Agreement (the Pro Rata Share of each Lender thereunder being referred to as a "Supplemental Loan") in an amount not to exceed Twenty-Five Million Dollars ($25,000,000) in the aggregate. The determination to make the Supplemental Loans shall require the unanimous written consent of the Lenders, and each Lender may give or withhold such consent in its sole discretion. If the Lenders determine to make the Supplemental Loans, they shall be made by the Lenders pro rata in the same proportions as their Loans then outstanding under this facility, except that any Lender may agree with any other Lender that all or a portion of its Supplemental Loan shall be made by such other Lender. There shall be only one extension of Supplemental Loans, if any.

(ii) The Supplemental Loans, if any, shall be made on such terms as shall be determined by the Required Lenders and the Company, but at a minimum shall include that (A) no Default or Event of Default shall have occurred and be continuing; (B) the representations and warranties of the Company shall be true and correct as of the date of the making of the Supplemental Loans, as if such representations and warranties had been made as of such date, with such exceptions as the Required Lenders shall agree; (C) the Company shall pay to the Administrative Agent and the Lenders their reasonable expenses incurred in connection with the making of the Supplemental Loans in accordance with the expense provisions of this Agreement; and (D) the Company shall pay such additional fees of the Administrative Agent and the Lenders in respect of the Supplemental Loans as would have been due and payable had the Supplemental Loans been made together with the outstanding Loans on the Closing Date.

(iii) If the Supplemental Loans shall be made, they shall be deemed Loans for all purposes of this Agreement, and from and after the date on which such Loans are made, all references to "Loans" under this Agreement shall include the Supplemental Loans and

any reference to the Loan of any Lender shall include its Supplemental Loan, and the Pro Rata Shares of the Lenders shall be appropriately adjusted, as necessary.

2.02 Evidence of Debt. (a) The Loans made by each Lender shall be evidenced by one or more loan accounts or records maintained by each Lender and the Administrative Agent in the ordinary course of business. The loan accounts or records maintained by each Lender and the Administrative Agent shall be conclusive absent manifest error of the amount of the Loan made by each Lender to the Company and the interest and payments thereon. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Company hereunder to pay any amount owing with respect to the Loans.

(b) Upon the request of any Lender, the Loan made by such Lender may be evidenced by one or more Notes, instead of or in addition to loan accounts. Such Lender shall endorse on the schedules annexed to its Note(s) the date, amount and maturity of the Loan made by it and the amount of each payment of principal made by the Company with respect thereto. Such Lender is irrevocably authorized by the Company to endorse its Note(s) and such Lender's record shall be conclusive absent manifest error; provided, however, that the failure of any Lender to make, or an error in making, a notation thereon with respect to any Loan shall not limit or otherwise affect the obligations of the Company hereunder or under any such Note to such Lender.

2.03 [Intentionally Omitted]

2.04 Optional Prepayments. Subject to Section 3.03, the Company may, at any time or from time to time, upon not less than one (1) Business Day's irrevocable notice to the Administrative Agent, ratably prepay Loans in whole or in part, in minimum aggregate amounts of $1,000,000 and multiples of $1,000,000 in excess thereof; provided that if by reason of such prepayment the remaining Loans would be less than $1,000,000, the Company shall prepay all Loans in their entirety. Such notice of prepayment shall specify the date and amount of such prepayment. The Administrative Agent will promptly notify each Lender of its receipt of each such notice, and of such Lender's Pro Rata Share of such prepayment. If such notice is given by the Company, the Company shall make such prepayment to the Administrative Agent for the account of the Lenders and the payment amount specified in such notice shall be due and payable on the date specified therein, together with accrued interest to each such date on the amount prepaid and any amounts required pursuant to Section 3.03.

2.05 Mandatory Prepayments of Loans.

(a) From and after the first time, after the date hereof, as of which the Company and any of its Subsidiaries shall have Cash and Cash Equivalents in an aggregate amount equal to or less than $5,000,000 (excluding any Cash and Cash Equivalents of any SBIC Subsidiary), the Company shall prepay the Loans upon collection by the Company of any principal payment, made by any Borrowing Loan Party in connection with a Borrowing Loan, whether upon maturity or accelerated maturity, scheduled or unscheduled amortization, or upon mandatory or optional prepayment, exclusive of any reasonable costs of collection. The prepayment shall be made to the Administrative Agent for the account of the Lenders promptly but no later than three (3) Business Days after such amounts are received by the Company.

(b) Any prepayments pursuant to this Section 2.05 shall be applied pro rata to the Loans of each Lender in accordance with its Pro Rata Share. The Company shall pay, together with each prepayment under this Section 2.05, accrued interest on the amount prepaid and any amounts required pursuant to Section 3.03.

2.06 Interest. (a) Each Loan shall bear interest on the outstanding principal amount thereof (i) from the applicable Borrowing Date until the Initial Maturity Date at a rate per annum equal to 8.0% and (ii) during the Extension Period pursuant to subsection 2.07(b), if applicable, until and through the Extended Maturity Date, at a rate per annum equal to 11.5%.

(b) Interest on each Loan shall be paid to the Administrative Agent for the account of the Lenders in arrears on each Interest Payment Date and on the Maturity Date. Interest shall also be paid on the date of any prepayment of Loans under Section 2.04 or 2.05 for the portion of the Loans so prepaid and upon payment (including prepayment) in full thereof and, during the existence of any Event of Default, interest shall be paid on demand.

(c) Notwithstanding subsection (a) of this Section, upon the occurrence and during the continuation of any Event of Default or after acceleration, upon the consent of the Required Lenders, upon receipt of written notice by the Company from the Administrative Agent, the Company shall pay interest on the principal amount of all outstanding Obligations, at a rate per annum which is determined by adding two percent (2.0%) per annum to the applicable interest rate then in effect for such Loans; provided, however, upon the occurrence of an Event of Default under either subsection 8.01(f) or 8.01(g), the applicable interest rate then in effect for such Loans shall be automatically increased by two percent (2.0%).

(d) Notwithstanding anything herein to the contrary, the obligations of the Company to the Lenders hereunder shall be subject to the limitation that payments of interest shall not be required for any period for which interest is computed hereunder, to the extent (but only to the extent) that contracting for or receiving such payment by the Lenders would be contrary to the provisions of any law applicable to the Lenders limiting the highest rate of interest that may be lawfully contracted for, charged or received by the Lenders, and in such event the Company shall pay the Lenders interest at the highest rate permitted by applicable law.

2.07 Maturity.

(a) Maturity Generally. The Company shall repay the Loans and pay the Maturity Fee to the Administrative Agent for the account of the Lenders on the Maturity Date or at such other time as specified in the Fee Letter.

(b) Extension. Subject to the provisions of this Section 2.07, the Company shall have the option (the "Extension Option"), by written notice the (the "Extension Notice") delivered to the Administrative Agent no later than thirty (30) days prior to the Initial Maturity Date, to extend the Maturity Date to the six (6) month anniversary of the Initial Maturity Date (the "Extended Maturity Date" and such six month period, the "Extension Period"). The Company's right to so extend the Maturity Date shall be subject to no conditions other than the satisfaction of the following conditions precedent prior to such extension hereunder: (i) no Event of Default shall have occurred and be continuing both on (A) the date the Company delivers the

Extension Notice and (B) the Initial Maturity Date; (ii) each of the representations and warranties of the Company and the Loan Parties contained in this Agreement shall be true and correct in all material respects on and as of the Initial Maturity Date; and (iii) the Company shall pay to the Administrative Agent for the account of the Lenders on the Initial Maturity Date the Extension Fee. Notwithstanding anything to the contrary contained herein, the Company shall be entitled to revoke the Extension Notice at any time up to fifteen (15) days prior to the Initial Maturity Date.

2.08 Fees. All fees required to be paid pursuant to this Agreement or any other Loan Document shall be paid on the Closing Date or on such other date as provided herein or therein. All fees shall be deemed to have been earned on the date payment is due in accordance with the provisions of this Agreement or such Loan Document, as the case may be (except as provided herein or therein) and shall be non-refundable. The obligation of the Company to pay such fees shall be binding upon the Company and shall inure to the benefit of the Administrative Agent and the Lenders regardless of whether any Loans are actually made.

2.09 Computation of Fees and Interest. (a) All computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed. Interest and fees shall accrue during each period during which interest or such fees are computed from the first day thereof to the last day thereof.

(b) Each determination of an interest rate by the Administrative Agent shall be conclusive and binding on the Company in the absence of manifest error.

2.10 Payments by the Company.

(a) The Company shall make each payment of interest on the Loans and of fees hereunder, not later than 11:00 a.m. (San Francisco time) on the date when due, in Federal or other funds immediately available in San Francisco, to the Administrative Agent at its address referred to in Section 10.02. The Administrative Agent will promptly (and if received prior to 11:00 a.m. (San Francisco time), on the same Business Day, or if received after 11:00 a.m. (San Francisco time) on the immediately following Business Day) distribute to each Lender its ratable share of each such payment received by the Administrative Agent for the account of the Lenders. If and to the extent that the Administrative Agent shall receive any such payment for the account of the Lenders on or before 11:00 a.m. (San Francisco time) on any Business Day, and Administrative Agent shall not have distributed to any Lender its applicable share of such payment on such Business Day, Administrative Agent shall distribute such amount to such Lender together with interest thereon, for each day from the date such amount should have been distributed to such Lender until the date Administrative Agent distributes such amount to such Lender, at the Federal Funds Rate.

(b) Unless the Administrative Agent shall have received notice from the Company prior to the date on which any payment is due to the Lenders hereunder that the Company will not make such payment in full, the Administrative Agent may, but shall not be required to, assume that the Company has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such

Lender. If and to the extent that the Company shall not have so made such payment, each Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the Federal Funds Rate.

(c) Whenever any payment of principal of, or interest on the Loans or of fees shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day, and such extension of time shall in each case be included in the computation of such principal, interest or fees, as the case may be.

2.11 Security. All obligations of the Company and each Loan Party under this Agreement, the Notes and all other Loan Documents shall be secured in accordance with the Collateral Documents.

2.12 Sharing of Payments.

If, other than as expressly provided elsewhere herein, any Lender shall obtain on account of the Loans made by it, any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its ratable share (or other share contemplated hereunder) thereof, such Lender shall immediately (a) notify the Administrative Agent of such fact, and (b) purchase from the other Lenders such participations in the Loans made by them, as shall be necessary to cause such purchasing Lender to share the excess payment in respect of such or such participations, as the case may be, pro rata with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from the purchasing Lender, such purchase shall to that extent be rescinded and each other Lender shall repay to the purchasing Lender the purchase price paid therefor, together with an amount equal to such paying Lender's ratable share (according to the proportion of (i) the amount of such paying Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Company agrees that any Lender so purchasing a participation from another Lender may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to Section 10.08 with respect to such participation as fully as if such Lender were the direct creditor of the Company in the amount of such participation). The Administrative Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify the Lenders following any such purchases or repayments. Each Lender that purchases a participation pursuant to this Section shall from and after such purchase have the right to give all notices, requests, demands, directions and other communications under this Agreement with respect to the portion of the Obligations purchased to the same extent as though the purchasing Lender were the original owner of the Obligations purchased.

ARTICLE III

TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes. (a) Any and all payments by the Company to Administrative Agent or any Lender under this Agreement and any other Loan Document shall be made free and clear of, and without deduction or withholding for, any Taxes. In addition, the Company shall timely pay all Other Taxes in accordance with applicable law.

(b) If the Company shall be required by law to deduct or withhold any Taxes, Other Taxes or Further Taxes from or in respect of any sum payable hereunder to any Lender, then:

(i) the sum payable shall be increased as necessary so that, after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section), the Administrative Agent and each Lender, receives and retains an amount equal to the sum it would have received and retained had no such deductions or withholdings been made;

(ii) the Company shall make such deductions and withholdings;

(iii) the Company shall pay the full amount deducted or withheld to the relevant taxing authority or other authority in accordance with applicable law; and

(iv) the Company shall also pay to the Administrative Agent or any Lender, at the time interest is paid, Further Taxes in the amount that the Administrative Agent or any Lender specifies as necessary to preserve the after-tax yield such Lender would have received if such Taxes, Other Taxes or Further Taxes had not been imposed.

(c) The Company agrees to indemnify and hold harmless the Administrative Agent and any Lender for the full amount of (i) Taxes, (ii) Other Taxes, and (iii) Further Taxes in the amount that such Lender specifies as necessary to preserve the after-tax yield the Administrative Agent or any Lender would have received if such Taxes, Other Taxes or Further Taxes had not been imposed, and any liability (including penalties, interest, additions to tax and expenses) arising therefrom or with respect thereto, whether or not such Taxes, Other Taxes or Further Taxes were correctly or legally asserted. Payment under this indemnification shall be made within 30 days after the date the Administrative Agent or any Lender makes written demand therefor.

(d) Within thirty (30) days after the date of any payment by the Company of Taxes, Other Taxes or Further Taxes, the Company shall furnish to the Administrative Agent the original or a certified copy of a receipt evidencing payment thereof, or other evidence of payment satisfactory to the Administrative Agent.

(e) If the Company is required to pay any amount to the Administrative Agent or any Lender pursuant to subsection (b) or (c) of this Section, then the Administrative Agent or any Lender shall use reasonable efforts (consistent with legal and regulatory restrictions) to change the jurisdiction of its Lending Office so as to eliminate any such additional payment by

the Company which may thereafter accrue, if such change in the sole judgment of the Administrative Agent or any Lender is not otherwise disadvantageous to the Administrative Agent or any Lender.

3.02 Increased Costs and Reduction of Return. (a) If, after the date hereof, any Lender determines that, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation or (ii) the compliance by such Lender with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law), there shall be any increase in the cost to such Lender of agreeing to make or making, funding or maintaining any Loans, then the Company shall be liable for, and shall from time to time, upon demand (with a copy to the Administrative Agent), pay to such Lender, additional amounts as are sufficient to compensate such Lender for such increased costs.

(b) If, after the date hereof, any Lender shall have determined that (i) the introduction of any Capital Adequacy Regulation, (ii) any change in any Capital Adequacy Regulation, (iii) any change in the interpretation or administration of any Capital Adequacy Regulation by any central bank or other Governmental Authority charged with the interpretation or administration thereof, or (iv) after such introduction, change or changing in interpretation or administration, compliance by any Lender (or its Lending Office) or any corporation controlling such Lender with any Capital Adequacy Regulation, affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy and such Lender's desired return on capital) determines that the amount of such capital is increased as a consequence of its Loans, credits or obligations under this Agreement, then, upon demand by such Lender to the Company (with a copy to the Administrative Agent), the Company shall pay to the such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender for such increase.

3.03 Funding Losses. The Company shall reimburse any Lender (with a copy to the Administrative Agent) and hold such Lender harmless from any loss or expense which such Lender may sustain or incur as a consequence of:

(a) the failure of the Company to make any prepayment in accordance with any notice delivered under Section 2.04;

(b) the prepayment (including pursuant to Section 2.05) or other payment (including after acceleration thereof) of a Loan on a day that is not an Interest Payment Date.

3.04 Survival. The agreements and obligations of the Company in this Article III shall survive the payment of all other Obligations.

ARTICLE IV

CONDITIONS PRECEDENT

4.01 Conditions of Loans. The obligation of each Lender to make its Loan hereunder on the Closing Date is subject to the condition that the Administrative Agent shall have received on or before the Closing Date all of the following, in form and substance satisfactory to the Administrative Agent:

(a) Credit Agreement. This Agreement executed by each party hereto;

(b) Notes. The Notes executed by the Company, if required by the Lenders;

(c) [Reserved];

(d) Resolutions; Incumbency. (i) Copies of the resolutions of the board of directors (or equivalent) of the Company and each Loan Party authorizing the transactions contemplated hereby, certified as of the Closing Date by the Secretary or an Assistant Secretary of such Person; and

(ii) A certificate of the Secretary or Assistant Secretary of the Company and each Loan Party certifying the names and true signatures of the officers of the Company and each Loan Party authorized to execute, deliver and perform, as applicable, this Agreement, and all other Loan Documents to be delivered by it hereunder;

(e) Organization Documents; Good Standing. Each of the following documents:

(i) the Organizational Documents of the Company and each Loan Party as in effect on the Closing Date, certified by the Secretary or Assistant Secretary of the Company and of each such Loan Party as of the Closing Date; and

(ii) a good standing certificate for the Company and each Loan Party from the Secretary of State (or similar, applicable Governmental Authority) of its state of incorporation and each state where the Company and each Loan Party is qualified to do business as a foreign corporation as of a recent date;

(f) Legal Opinions. An opinion of each of Ropes & Gray LLP and Venable LLP, each in its capacity as counsel to the Company and the Loan Parties and addressed to the Administrative Agent, substantially in the forms set forth in Exhibit E;

(g) Payment of Fees. Evidence of payment by the Company of all accrued and unpaid fees, costs and expenses to the extent then due and payable on the Closing Date, together with Attorney Costs of the Administrative Agent through the Closing Date (provided that such estimate shall not thereafter preclude final settling of accounts between the Company and the Administrative Agent); including any such costs, fees and expenses arising under or referenced in Sections 2.08 and 10.04;

(h) Collateral Documents. The Collateral Documents, executed by the Company and each Loan Party, in appropriate form for recording, where necessary, together with:

(i) acknowledgment copies of all UCC-l financing statements filed, registered or recorded to perfect the security interests of the Administrative Agent on behalf of the Lenders, or other evidence reasonably satisfactory to the Administrative Agent that there have been filed, registered or recorded all financing statements and other filings, registrations and recordings necessary to perfect the Liens of the Administrative Agent on behalf of the Lenders in accordance with applicable law;

(ii) the results of such Lien and judgment searches as the Administrative Agent shall have reasonably requested, and such termination statements or other documents as may be necessary to confirm that the Collateral is subject to no other Liens in favor of any Persons (other than Permitted Liens);

(iii) all certificates and instruments representing the Pledged Collateral (including any original notes that constitute the Pledged Collateral and accompanying allonges), which shall be delivered to the Custodian as defined in, and pursuant to, the Custody Agreement and stock transfer powers executed in blank with signatures guaranteed as the Administrative Agent may specify, which shall be delivered to either the Custodian or the Administrative Agent; and

(iv) evidence that all other actions necessary or, in the opinion of the Administrative Agent, desirable to perfect and protect the first priority security interest created by the Collateral Documents have been taken;

(i) Insurance Policies.

(i) Standard lenders' payable endorsements naming Administrative Agent as additional insured and loss payee with respect to the insurance policies or other instruments or documents evidencing insurance coverage on the properties of the Company and its Subsidiaries in accordance with Section 6.06; and

(ii) A certificate signed by a Responsible Officer (and, if requested by the Administrative Agent, any insurance broker of the Company) dated as of the Closing Date, setting forth the nature and extent of all insurance maintained by the Company and its Subsidiaries in accordance with Section 6.06 or any Collateral Documents;

(j) Certificate. A certificate signed by a Responsible Officer, dated as of the Closing Date, stating that:

(i) the representations and warranties contained in Article V are true and correct on and as of such date, as though made on and as of such date;

(ii) no Default or Event of Default exists or could reasonably be expected to result from the initial Borrowing;

(iii) no consent or other approval of any other creditor of the Company or any Loan Party shall be required in order to enter into this Agreement, the Loan Documents or any of the transactions contemplated hereby or thereby; and

(iv) since January 1, 2005, there shall have occurred no event or circumstance that has resulted or could reasonably be expected to result in a Material Adverse Effect;

(k) Financial Statements. Audited financial statements, unaudited financial statements and pro forma balance sheets of the Company and its Consolidated Subsidiaries satisfactory to the Administrative Agent; and

(l) Other Documents. Such other approvals, opinions, documents or materials as the Administrative Agent may reasonably request.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Company and each Loan Party represents and warrants to the Administrative Agent and the Lenders that:

5.01 Existence and Power. The Company and each Loan Party:

(a) is duly formed and validly existing under the laws of its jurisdiction of organization;

(b) has the power and authority to own its assets, carry on its business and to execute, deliver, and perform its obligations under the Loan Documents;

(c) is duly qualified as a foreign entity and is licensed and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification or license, other than any failure to be so qualified or licensed as could not reasonably be expected to have a Material Adverse Effect; and

(d) is in compliance with all Requirements of Law, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

5.02 Corporate Authorization; No Contravention. The execution, delivery and performance by the Company and the Loan Parties of this Agreement and each other Loan Document to which such Person is party, have been duly authorized by all necessary corporate action, and do not and will not:

(a) contravene the terms of any of that Person's Organization Documents;

(b) conflict with or result in any breach or contravention of, or the creation of any Lien under, any document evidencing any Contractual Obligation to which such Person is a party or any order, injunction, writ or decree of any Governmental Authority to which such Person or its property is subject; or

(c) violate any Requirement of Law.

5.03 Governmental Authorization. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority (except for recordings or filings in connection with the Liens granted to the Administrative Agent under the Collateral Documents) is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Company or any Loan Party of the Agreement or any other Loan Document.

5.04 Binding Effect. This Agreement and each other Loan Document to which the Company and each Loan Party is a party constitute the legal, valid and binding obligations of the Company and each Loan Party the extent it is a party thereto, enforceable against such Person in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

5.05 Litigation. Except as specifically disclosed in Schedule 5.05, there are no actions, suits, proceedings, claims or disputes pending, or to the knowledge of the Company, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against the Company or any of its Subsidiaries or any of its respective properties which:

(a) purport to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby or thereby; or

(b) which could reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

No injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any other Loan Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

5.06 No Default. No Default or Event of Default exists or would result from the incurring of any Obligations by the Company or any Loan Party or from the grant or perfection of the Liens of the Administrative Agent on the Collateral. As of the Closing Date, neither the Company nor any of its Subsidiaries is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, could reasonably be expected to have a Material Adverse Effect, or that would, if such default had occurred after the Closing Date, create an Event of Default under subsection 8.01(e).

5.07 ERISA Compliance. Except as specifically disclosed in Schedule 5.07:

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law. Each Plan of the Company which is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS and to the knowledge of the Company, nothing has occurred which would be reasonably likely to cause the loss of such qualification. The Company and each ERISA Affiliate has made all required contributions to any Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(b) There are no pending or, to the knowledge of the Company, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any Unfunded Pension Liability; (iii) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) neither the Company nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

5.08 Use of Proceeds; Margin Regulations. The proceeds of the Loans are to be used solely for the purposes set forth in and permitted by Section 6.12 and Section 7.07. Neither the Company nor any Subsidiary is generally engaged in the business of purchasing or selling Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock; provided, however, that the Company may receive warrants that are convertible into Margin Stock in connection with the making of Borrowing Loans in the ordinary course of business.

5.09 Title to Properties. The Company and each Subsidiary has good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of their respective businesses, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. As of the Closing Date, the property of the Company and its Subsidiaries is subject to no Liens, other than Permitted Liens.

5.10 Taxes. The Company and its Subsidiaries have filed all United States Federal income tax returns and all other material tax returns which are required to be filed by them and have paid all taxes due pursuant to such returns or pursuant to any assessment received by the Company or any Subsidiary, except such taxes, if any, as are reserved against in accordance with GAAP, such taxes as are being contested in good faith by appropriate proceedings or such taxes, the failure to make payment of which when due and payable could not reasonably be expected to have, in the aggregate, a Material Adverse Effect. The charges, accruals and reserves on the

books of the Company and its Subsidiaries in respect of taxes or other governmental charges are, in the opinion of the Company, adequate.

5.11 Financial Condition. (a) The audited consolidated financial statements of the Company and its Consolidated Subsidiaries dated December 31, 2004, and the related consolidated statements of income or operations, shareholders' equity and cash flows for the fiscal year ended on that date:

(i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein;

(ii) fairly present, in all material respects, the financial condition of the Company and its Consolidated Subsidiaries as of the date thereof and results of operations for the period covered thereby; and

(iii) except as specifically disclosed in Schedule 5.11, set forth all material Indebtedness and other liabilities, and material direct or Contingent Obligations of the Company and its Consolidated Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Contingent Obligations not set forth in such financial statements.

(b) Since January 1, 2005, there has been no Material Adverse Effect with respect to the Company and its Consolidated Subsidiaries, taken as a whole.

5.12 Environmental Matters. Except as could not reasonably be expected to have a Material Adverse Effect:

(a) Each of the facilities and properties owned, leased, or operated by the Company or its Subsidiaries (the "Subject Properties") and all operations at the Subject Properties are in compliance with all applicable Environmental Laws, and there is no violation of any Environmental Law with respect to the Subject Properties or the businesses operated by the Company or its Subsidiaries (the "Businesses"), and there are no conditions relating to the Businesses or the Subject Properties that could reasonably be expected to give rise to liability under any applicable Environmental Laws.

(b) None of the Subject Properties contains, or to the knowledge of the Company, has previously contained, any Materials of Environmental Concern at, on or under the Subject Properties in amounts or concentrations that constitute or constituted a violation of, or could give rise to liability under, Environmental Laws.

(c) None of the Company or any of its Subsidiaries has received any written notice of, or written inquiry from any Governmental Authority regarding, any violation, alleged violation, non-compliance, liability, or potential liability regarding environmental matters or compliance with Environmental Laws with regard to any of the Subject Properties or the Businesses, nor does the Company or any Subsidiary have knowledge or reason to believe that any such notice will be received or is being threatened.

(d) Materials of Environmental Concern have not been transported or disposed of from the Subject Properties, or generated, treated, stored, or disposed of at, on, or under any of the Subject Properties or any other location, in each case by or on behalf of the Company or any Subsidiary in violation of, or in a manner that would be reasonably likely to give rise to liability under, any applicable Environmental Law.

(e) No judicial proceeding or governmental or administrative action is pending or, to the knowledge of the Company, threatened, under any Environmental Law to which the Company or any of its Subsidiaries is or will be named as a party, nor are there any consent decrees or other decrees, consent orders, administrative orders, or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to the Company or any Subsidiary, the Subject Properties, or the Businesses.

(f) There has been no release or, threat of release of Materials of Environmental Concern at or from the Subject Properties, or arising from or related to the operations (including, without limitation, disposal) of the Company or any Subsidiary in connection with the Subject Properties or otherwise in connection with the Businesses, in violation of or in amounts or in a manner that could give rise to liability under Environmental Laws.

5.13 Collateral Documents. The Pledge and Security Agreement is effective to create in favor of the Administrative Agent, for the benefit of itself and the Lenders, a legal valid and enforceable security interest in the "Collateral" identified therein and, when financing statements in appropriate form are filed in the appropriate offices for the locations specified as the jurisdiction of incorporation or organization (as applicable) of each Loan Party in section 3 of the Pledge and Security Agreement, the Pledge and Security Agreement shall create a fully perfected Lien on, pledge of, and security interest in, all right, title, and interest of the grantors thereunder in such "Collateral" that may be perfected by filing, recording, or registering a financing statement under the UCC, in each case prior and superior in right to any other Lien on any Collateral other than Permitted Liens.

5.14 Regulated Entities. The Company has elected to be regulated as a "Business Development Company" within the meaning of the Investment Company Act of 1940. The Company is not subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act, any state public utilities code, or any other Federal or state statute or regulation (other than the Investment Company Act of 1940) limiting its ability to incur Indebtedness.

5.15 No Burdensome Restrictions. None of the Company or any Subsidiary is a party to or bound by any Contractual Obligation, or subject to any restriction in any Organization Document, or any Requirement of Law, except as set forth on Schedule 5.15, which could reasonably be expected to have a Material Adverse Effect.

5.16 Intellectual Property. Each of the Company and its Subsidiaries owns, or has the legal right to use, all United States trademarks, tradenames, copyrights, patents, technology, know-how, and processes, if any, necessary for each of them to conduct its business as currently conducted (the "Intellectual Property") except for those the failure to own or have such legal

right to use could not be reasonably expected, individually or in the aggregate, to have a Material Adverse Effect.Schedule 5.16 sets forth a list of the material Intellectual Property owned and used by the Company and its Subsidiaries as of the Closing Date. No claim has been asserted in writing to the Company or any Subsidiary and is pending by any Person challenging or questioning the use of any such Intellectual Property or the validity or effectiveness of any such Intellectual Property, and the use of such Intellectual Property by the Company or its Subsidiaries does not infringe on the rights of any Person, except for such claims and infringements that, individually or in the aggregate, could not be reasonably expected to have a Material Adverse Effect.

5.17 Subsidiaries. As of the Closing Date, the Company has no Subsidiaries and has no equity investments in any other corporation or entity, in each case other than those specifically disclosed on Schedule 5.17.

5.18 Insurance. The Company maintains blanket bond coverage, all risk property insurance (including builder's risk, where and when applicable, but excluding terrorist insurance and mold insurance), workers compensation insurance and commercial general liability insurance with financially sound and reputable insurance companies or associations, which are not Subsidiaries of the Company, in such amounts (and with such deductibles), and covering such risks as are usually carried by companies engaging in similar businesses owning, or lending to owners of, similar properties in the same general areas in which the Company operates. In connection with the foregoing, the Company represents that as of the Closing Date, the Company's insurance policies and programs are currently in full force and effect, except where the failure to maintain such insurance could not reasonably be expected to result in a Material Adverse Effect.

5.19 Solvency. On the Closing Date and after giving effect to the transactions contemplated by the Loan Documents occurring on the Closing Date, the Company will be Solvent.

5.20 Principal Offices. As of the Closing Date, the principal office, chief executive office and principal place of business of the Company is 525 University Avenue, Suite 700, Palo Alto, California 94301.

5.21 Full Disclosure. None of the representations or warranties made by the Company or any Loan Party in the Loan Documents as of the date such representations and warranties are made or deemed made, and none of the statements contained in any exhibit, report, statement or certificate furnished by or on behalf of the Company or any Loan Party in connection with the Loan Documents (including the offering and disclosure materials delivered by or on behalf of the Company to the Administrative Agent or any Lender prior to the Closing Date), contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered.

5.22 Brokers' Fees. The Company has not dealt with any broker or finder with respect to the transactions contemplated by this Agreement or otherwise in connection with this Agreement, and the Company has not done any act, had any negotiations or conversation, or

made any agreements or promises which will in any way create or give rise to any obligation or liability for the payment by the Company of any brokerage fee, charge, commission or other compensation to any party with respect to the transactions contemplated by the Loan Documents, other than the fees payable to the Administrative Agent and the Lenders.

5.23 Labor Matters. Except as set forth in Schedule 5.23, as of the Closing Date:

(a) there are no strikes or lockouts against the Company or any Subsidiary pending or, to the knowledge of the Company, threatened;

(b) the hours worked by and payments made to employees of the Company and its Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable federal, state, local, or foreign law dealing with such matters in any case where a Material Adverse Effect could reasonably be expected to occur as a result of the violation thereof, individually or in the aggregate;

(c) all payments due from the Company or its Subsidiaries, or for which any claim may be made against the Company or its Subsidiaries, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of the Company or such Subsidiary; and

(d) none of the Company or its Subsidiaries is party to a collective bargaining agreement.

5.24 Organizational Documents. The documents delivered pursuant to subsection 4.01(e) constitute, as of the Closing Date, all of the Organizational Documents (together with all amendments and modifications thereof) of the Company and each Loan Party. The Company represents that it has delivered to the Administrative Agent true, correct and complete copies of each of the documents set forth in this Section 5.24.

ARTICLE VI

AFFIRMATIVE COVENANTS

So long as any Lender shall have any Loan or other Obligation shall remain unpaid or unsatisfied:

6.01 Financial Statements. The Company shall deliver to each of the Lenders, in form reasonably satisfactory to the Administrative Agent:

(a) as soon as available, but not later than five (5) Business Days after the same is required to be filed with the SEC, if applicable, but in no event later than one hundred (100) days after the end of each fiscal year, a copy of the audited consolidated balance sheet of the Company and its Consolidated Subsidiaries as at the end of such year and the related consolidated statements of income or operations, shareholders' equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all

reported on in a manner acceptable to Administrative Agent and accompanied by the opinion of Ernst & Young LLC or another nationally-recognized independent public accounting firm ("Independent Auditor") which report shall state that such consolidated financial statements present fairly, in all material respects, the financial position for the periods indicated in conformity with GAAP applied on a basis consistent with prior years. Such opinion shall not be qualified or limited because of a restricted or limited examination by the Independent Auditor of any material portion of the Company's or any Subsidiary's records;

(b) as soon as available, but not later than thirty (30) days after the end of each calendar month, a copy of the unaudited consolidated balance sheet of the Company and its Consolidated Subsidiaries as of the end of such calendar month and the related consolidated statements of income, shareholders' equity and cash flows for the period commencing on the first day and ending on the last day of such month, and certified by a Responsible Officer as fairly presenting, in all material respects, in accordance with GAAP (subject to normally recurring year-end audit adjustments), the financial position and the results of operations of the Company and its Consolidated Subsidiaries;

(c) [Reserved].

(d) simultaneously with the delivery of each set of financial statements referred to in clauses (a) and (b) above, a certificate of the chief financial officer or the chief accounting officer of the Company (i) setting forth in reasonable detail the calculations required to establish whether the Company was in compliance with the requirements of Section 6.13 on the date of such financial statements; (ii) certifying (x) that such financial statements fairly present, in all material respects, the financial condition and the results of operations of the Company and its Consolidated Subsidiaries on the dates and for the periods indicated, on the basis of GAAP, with respect to the Company and its Consolidated Subsidiaries subject, in the case of interim financial statements, to audit and normally recurring year-end adjustments, and (y) that such officer has reviewed the terms of the Loan Documents and has made, or caused to be made under his or her supervision, a review in reasonable detail of the business and condition of the Company and its Consolidated Subsidiaries during the applicable period on the basis of such review of the Loan Documents and the business and condition of the Company and its Consolidated Subsidiaries, to the knowledge of such officer, as of the last day of the period covered by such certificate no Default or Event of Default under any other provision of Section 8.01 occurred and is continuing or, if any such Default or Event of Default has occurred and is continuing, specifying the nature and extent thereof and, the action the Company proposes to take in respect thereof;

(e) simultaneously with the delivery of each set of financial statements referred to in clauses (a) and (b) above, an update of Schedule 5.17 to the extent that the Company has created any new Subsidiaries; and

(f) simultaneously with the delivery of each set of financial statements referred to in clauses (a) and (b) above, if necessary, an update of Schedule 5.11 setting forth all material Indebtedness and other liabilities, and material or Contingent Obligations of the Company and its Consolidated Subsidiaries as of the date thereof, not set forth in such financial statements.

6.02 SEC Filings; Information Following an IPO. Subject to Section 10.09,

(a) the Company shall furnish to the Administrative Agent promptly copies of all financial statements and reports that the Company sends to its shareholders, and copies of all financial statements, registration statements and regular, periodical or special reports that the Company or any Subsidiary may make to, or file with, the SEC, including any and all comment letters received by the Company from SEC staff with respect to the IPO and, upon the written request of the Administrative Agent any other comment letters from SEC staff and the Company's responses to any such comment letters; and

(b) notwithstanding anything to the contrary contained in this Agreement, if the Company consummates an IPO, then following the expiration of any lock-up period during which an Affiliate of the Company is restricted in selling its shares, the Company shall not provide any information to the Administrative Agent or any Lender that is not publicly available to the shareholders of the Company other than the information required by clauses (a) and (h) of Section 6.03, unless the Administrative Agent or such Lender shall request, in writing, such information, in which case the Company shall provide the information so requested, only to the extent of such request and such information shall only be provided to the specific requesting party.

6.03 Other Information. The Company shall promptly notify the Administrative Agent:

(a) within three (3) Business Days after any Responsible Officer of the Company obtains knowledge of any Default or Event of Default, if such Default or Event of Default is then continuing, or the occurrence or existence of any event or circumstance that could reasonably be expected to result in a Default or Event of Default;

(b) upon, but in no event later than (i) three (3) Business Days after a Responsible Officer becomes aware thereof, any breach or non-performance of, or any default under, any Contractual Obligation of the Company or any of its Subsidiaries which could reasonably be expected to result in a Material Adverse Effect; (ii) five (5) Business Days after a Responsible Officer becomes aware thereof, any dispute, litigation, investigation, proceeding or suspension which may exist at any time between the Company or any of its Subsidiaries and any Governmental Authority; or (iii) three (3) Business Days after a Responsible Officer becomes aware thereof, any other event, act or condition that could reasonably be expected to result in a Material Adverse Effect;

(c) upon, but in no event later than five (5) Business Days (three (3) Business Days in the case of clause (iii) herein) after a Responsible Officer becomes aware thereof, the commencement of, or any material development in, any litigation or proceeding affecting the Company or any Subsidiary (i) in which the amount of damages claimed is $1,000,000 (or its equivalent in another currency or currencies) or more, (ii) in which injunctive or similar relief is sought and which, if adversely determined, could reasonably be expected to have a Material Adverse Effect, or (iii) in which the relief sought is an injunction or other stay of the performance of this Agreement or any Loan Document;

(d) upon, but in no event later than five (5) Business Days after, a Responsible Officer becomes aware thereof, the occurrence of (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against the Company, any of its Subsidiaries or any Subject Property pursuant to any applicable Environmental Laws, (ii) all other Environmental Claims instituted, completed or threatened against the Company, and (iii) any environmental or similar condition on any real property adjoining or in the vicinity of the property of the Company or any Subsidiary that could reasonably be expected to result in such property or any part thereof to be subject to any restrictions on the ownership, occupancy, transferability or use of such property under any Environmental Laws;

(e) of the occurrence of the following events:

(i) upon, but in no event later than five (5) Business Days after, the execution of final documentation by the Company or any Subsidiary and any Borrowing Loan Party for the extension of any Borrowing Loan (or any Investments made in connection therewith), setting forth the following: the name of the Borrowing Loan Party, the principal amount of the Borrowing Loans, the closing date, the maturity date, and the applicable rates of interest;

(ii) upon, but in no event later than three (3) Business Days after, (x) the non-payment by any Borrowing Loan Party of any payments of any kind that are due and payable under the Borrowing Loans to the Company or any of its Subsidiaries, or (y) the breach of any financial covenant by a Borrowing Loan Party under any documentation in connection with the Borrowing Loans, in each case, after giving effect to any applicable grace periods thereunder;

(iii) upon, but in no event later than thirty (30) days after, a Responsible Officer becomes aware thereof, any breach of any covenant other than those contemplated by subsection 6.03(e)(ii) by a Borrowing Loan Party under any documentation in connection with the respective Borrowing Loan, which breach remains uncured during such thirty (30) days, after giving effect to any applicable grace periods thereunder; and

(iv) upon, but in no event later than five (5) Business Days after, the modification of a financial covenant or covenants in any loan document or agreement with the Company or any Subsidiary to which any Borrowing Loan Party is a party, which modification is made for the purpose of preventing the occurrence of a material default or event of default by the Borrowing Loan Party under such document or agreement;

(f) of the occurrence of any of the following events affecting the Company or any ERISA Affiliate (but in no event more than ten (10) days after such event), and deliver to the Administrative Agent a copy of any notice with respect to such event that is filed with a Governmental Authority and any notice delivered by a Governmental Authority to the Company or any ERISA Affiliate with respect to such event:

(i) an ERISA Event;

(ii) a material increase in the Unfunded Pension Liability of any Pension Plan;

(iii) the adoption of, or the commencement of contributions to, any Plan subject to Section 412 of the Code by the Company or any ERISA Affiliate;

(iv) the adoption of any amendment to a Plan subject to Section 412 of the Code, if such amendment results in a material increase in contributions or Unfunded Pension Liability; or

(g) within a reasonable time, of any material change in accounting policies or financial reporting practices by the Company or any of its Consolidated Subsidiaries; and

(h) promptly, such additional information regarding the business, financial or corporate affairs of the Company or any Subsidiary as the Administrative Agent, may from time to time reasonably request.

Each notice under this Section shall be accompanied by a written statement by a Responsible Officer setting forth details of the occurrence referred to therein, and, if applicable, stating what action the Company or any affected Subsidiary proposes to take with respect thereto and at what time. Each notice under subsection 6.03(a) shall describe with particularity any and all clauses or provisions of this Agreement or other Loan Document that have been (or could reasonably be expected to be) breached or violated.

6.04 Preservation of Corporate Existence, Etc. The Company shall, and shall cause each Subsidiary to:

(a) preserve and maintain in full force and effect its legal existence and good standing under the laws of its state or jurisdiction of organization;

(b) preserve and maintain in full force and effect all governmental rights, privileges, qualifications, permits, licenses and franchises, the non-preservation of which could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect;

(c) preserve its business organization and goodwill; and

(d) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

6.05 Maintenance of Property. The Company shall maintain, and shall cause each Consolidated Subsidiary to maintain, and preserve all its property which is used or useful in its business in good working order and condition, ordinary wear and tear excepted and make all necessary repairs thereto and renewals and replacements thereof except where the failure to do so could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

6.06 Insurance. In addition to insurance requirements set forth in the Collateral Documents, the Company shall maintain, and shall cause each of its Subsidiaries to maintain, with financially sound and reputable independent insurers, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons; including workers' compensation insurance, public liability and property and casualty insurance. Upon request of the Administrative Agent, the Company shall furnish the Administrative Agent, at reasonable intervals (but not more than once per calendar year including, for this purpose, the certificate furnished pursuant to subsection 4.01(i)(ii)) a certificate of a Responsible Officer setting forth the nature and extent of all insurance maintained by the Company and its Subsidiaries in accordance with this Section or any Collateral Documents (and which, in the case of a certificate of a broker, were placed through such broker).

6.07 Payment of Obligations. The Company and its Subsidiaries shall pay and discharge as the same shall become due and payable, all their respective obligations and liabilities, including:

(a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by the Company or such Subsidiary;

(b) all lawful claims which, if unpaid, would by law become a Lien upon its property; and

(c) all Indebtedness, as and when due and payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness.

6.08 Compliance with Laws. The Company shall comply, and shall cause each Subsidiary to comply, in all respects with all Requirements of Law of any Governmental Authority having jurisdiction over it or its business, except to the extent any such non-compliance could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

6.09 Compliance with ERISA. The Company shall, and shall cause each of its ERISA Affiliates to: (a) maintain each Plan in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law; (b) cause each Plan which is qualified under Section 401(a) of the Code to maintain such qualification; and (c) make all required material contributions to any Plan subject to Section 412 of the Code.

6.10 Inspection of Property and Books and Records. The Company shall maintain and shall cause each Subsidiary to maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Company and such Subsidiary, including the amount and breakdown of expenses incurred in connection with the IPO of the

Company. The Company shall permit, and shall cause each Subsidiary to permit, representatives and independent contractors of the Administrative Agent and each Lender to visit and inspect any of their respective properties, to examine their respective corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss their respective affairs, finances and accounts with their respective directors, officers, and independent public accountants, all at the expense of the Company and at such reasonable times during normal business hours and at reasonable intervals, upon reasonable advance notice to the Company; provided, however, when an Event of Default has occurred and is continuing, the Administrative Agent and each Lender may do any of the foregoing at the expense of the Company at any time during normal business hours and without advance notice. The Administrative Agent shall coordinate any such visit or inspection to arrange for review by any Lender requesting any such visit or inspection.

6.11 Environmental Laws. The Company shall, and shall cause each Subsidiary to, conduct its operations and keep and maintain its property in compliance with all Environmental Laws.

6.12 Use of Proceeds. The Company shall use the proceeds of the Loans solely to extend loans to, or make equity investments in, technology and life sciences companies at various developmental stages, in the ordinary course of business, and to pay expenses in connection with the transactions contemplated by the Loan Documents, and in any event, not in contravention of any Requirement of Law or of any Loan Document.

6.13 Financial Covenants.

(a) Ratio of EBITDA to Fixed Charges. The Company and its Consolidated Subsidiaries shall have as of the last day of each calendar month, a ratio of EBITDA to Fixed Charges, both for such month, of not less than (i) 1:1 for each month prior to the Extension Period and (ii) 2:1 for each month during the Extension Period.

(b) Loan Coverage Ratio. The Loan Coverage Ratio shall at all times be greater than 2:1.

(c) Minimum Net Assets. The Company shall have at all times Net Assets of not less than ninety percent (90%) of the Net Assets on the Closing Date. The Company shall have at all times Net Assets Per Share of not less than the greater of (i) $10.57 and (ii) the highest exercise price of any warrant issued by the Company after the date hereof.

(d) Borrowing Loan Default Percentage. The Borrowing Loan Default Percentage shall not exceed at any time (i) 15% for the aggregate amount of Borrowing Loans as to which an event of default (as determined under the documentation of the respective Borrowing Loans) has occurred and is continuing in connection with any failure to make any payment thereunder or any breach of any financial covenant (any such failure or breach, a "Financial Default"), and (ii) 20% for the aggregate amount of Borrowing Loans as to which any event of default, including a Financial Default (as determined under the documentation of the respective Borrowing Loans) has occurred and is continuing.

(e) Borrowing Loan Concentration Percentage. The Borrowing Loan Concentration Percentage shall not exceed at any time (i) 20% prior to the Extension Period and (ii) 15% during the Extension Period.

6.14 Further Assurances. (a) The Company shall ensure that all written information, exhibits and reports furnished to the Administrative Agent and the Lenders do not and will not contain any untrue statement of a material fact and do not and will not omit to state any material fact or any fact necessary to make the statements contained therein not misleading in light of the circumstances in which made, and will promptly disclose to the Administrative Agent and the Lenders and correct any defect or error that may be discovered therein or in any Loan Document or in the execution, acknowledgement or recordation thereof.

(b) Promptly upon request by the Administrative Agent, the Company shall (and shall cause any of its Subsidiaries to) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register, any and all such further acts, deeds, conveyances, security agreements, mortgages, assignments, estoppel certificates, financing statements and continuations thereof, termination statements, notices of assignment, transfers, certificates, assurances and other instruments that are necessary in the reasonable judgment of the Administrative Agent, (i) to carry out more effectively the purposes of this Agreement or any other Loan Document, (ii) to subject to the Liens created by any of the Collateral Documents any of the properties, rights or interests covered by any of the Collateral Documents, (iii) to perfect and maintain the validity, effectiveness and priority of any of the Collateral Documents and the Liens intended to be created thereby, (iv) to create in favor of the Administrative Agent, for the benefit of itself and the Lenders, a legal, valid, enforceable and perfected Lien on, security interest in, and pledge of, all right, title and interest of the Company (and/or its Subsidiaries) in all Intellectual Property, and in which a Lien may be perfected by filing, recording or registration of a notice in the United States Patent and Trademark Office and the United States Copyright Office, in each case, prior and superior in right to any other Lien, and (v) to better assure, convey, grant, assign, transfer, preserve, protect and confirm to the Administrative Agent the rights granted or now or hereafter intended to be granted to the Administrative Agent under any Loan Document or under any other document executed in connection therewith.

ARTICLE VII

NEGATIVE COVENANTS

So long as any Lender shall have any Loan or other Obligation that remains unpaid or unsatisfied:

7.01 Limitation on Liens. The Company shall not, and shall not suffer or permit any Subsidiary to, directly or indirectly, make, create, incur, assume or suffer to exist any Lien upon or with respect to any part of its property, whether now owned or hereafter acquired, other than the following ("Permitted Liens"):

(a) any Lien existing on property of the Company or any Subsidiary on the Closing Date and set forth inSchedule 7.01 securing Indebtedness outstanding on such date;

(b) any Lien created under any Loan Document;

(c) Liens for taxes, fees, assessments or other governmental charges which are not delinquent or remain payable without penalty, or to the extent that non-payment thereof is permitted by Section 6.07, provided that no notice of lien has been filed or recorded under the Code;

(d) carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other similar Liens arising in the ordinary course of business which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto;

(e) Liens (other than any Lien imposed by ERISA) consisting of pledges or deposits required in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation;

(f) Liens on the property of the Company or its Subsidiary securing (i) the non-delinquent performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, (ii) Contingent Obligations on surety and appeal bonds, and (iii) other non-delinquent obligations of a like nature; in each case, incurred in the ordinary course of business, provided that all such Liens in the aggregate could not reasonably be expected (even if enforced) to result in a Material Adverse Effect;

(g) Liens consisting of judgment or judicial attachment liens, provided that all such liens in the aggregate at any time outstanding for the Company and its Subsidiaries do not exceed $1,000,000;

(h) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the businesses of the Company and its Subsidiaries;

(i) [Reserved];

(j) Liens to secure purchase money Indebtedness for the purchase of property in an aggregate amount not to exceed $250,000 at any time outstanding;

(k) Liens securing obligations in respect of capital leases on assets subject to such leases, in an aggregate amount not to exceed $500,000 at any time outstanding; and

(l) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; provided that (i) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by the Company in excess of those set forth by regulations promulgated by the FRB, and (ii) such deposit account is not intended by the Company or any Subsidiary to provide collateral to the depository institution.

7.02 Disposition of Assets. The Company shall not, and shall not suffer or permit any Subsidiary to, directly or indirectly, sell, assign, lease, convey, transfer or otherwise dispose of (whether in one or a series of transactions) any property (including the equity interests in Subsidiaries, Borrowing Loans, accounts, accounts and notes receivable, with or without recourse) or enter into any agreement to do any of the foregoing, except sales of interests in Borrowing Loans for Cash or Cash Equivalents in an amount that is not less than ninety percent (90%) of the principal amount of such Borrowing Loans, dispositions of excess, used, worn-out or surplus equipment, all in the ordinary course of business.

7.03 Consolidations and Mergers. (a) Neither the Company nor any of its Subsidiaries shall enter into any merger or consolidation without the prior written consent of the Required Lenders.

(b) None of the Company or any Loan Party shall amend its Organization Documents in any manner that could reasonably be expected to result in a Material Adverse Effect without the prior written consent of the Required Lenders.

7.04 Loans and Investments. The Company shall not purchase or acquire, or suffer or permit any Subsidiary to purchase or acquire, or make any commitment therefor, any capital stock, equity interest, or any obligations or other securities of, or any interest in, any Person, or make or commit to make any acquisitions, or make or commit to make any advance, loan, extension of credit or capital contribution to or any other investment in, any Person including any Affiliate of the Company (together, "Investments"), except for:

(a) Investments held by the Company or any Subsidiary in the form of Cash or Cash Equivalents;

(b) Investments by the Company in any SBIC Subsidiary not to exceed at any time in the aggregate, $2,500,000;

(c) Borrowing Loans;

(d) Investments received in connection with the making or acquisition of any Borrowing Loan;provided, however, that if any payment is made by the Company or its Subsidiaries of any additional or separate consideration for such Investments, such payment shall count against the $5,000,000 limit contained in subsection 7.04(g) dollar for dollar; provided, further, that any such equity securities or rights to acquire such equity securities are pledged to the Administrative Agent as additional "Collateral" pursuant to the Pledge and Security Agreement and other documentation that the Administrative Agent deems appropriate or necessary to grant the Administrative Agent and the Lenders a first priority Lien in such additional Collateral;

(e) Investments made by an SBIC Subsidiary in loans to, or equity investments in, technology and life sciences companies at various developmental stages in the ordinary course of business of the Company; provided, however, that such Investments in no event shall exceed at any time in the aggregate, $2,500,000;

(f) any Investment of the Company on the Closing Date and set forth on Schedule 7.04;

(g) Equity Investments in technology and life sciences companies at various developmental stages in the ordinary course of business of the Company, not to exceed in the aggregate, $5,000,000; and

(h) Investments consisting of normal travel and similar advances to employees of the Company and its Subsidiaries not exceeding at any time in the aggregate, $100,000.

7.05 Limitation on Indebtedness. The Company shall not, and shall not suffer or permit any Subsidiary to, create, incur, assume, suffer to exist, or otherwise become or remain directly or indirectly liable with respect to, any Indebtedness, except:

(a) Indebtedness incurred pursuant to this Agreement;

(b) Indebtedness consisting of Contingent Obligations permitted pursuant to Section 7.08;

(c) Indebtedness incurred in connection with, and as permitted pursuant to, and limited by, subsection 7.04(b);

(d) Indebtedness existing as of the date hereof as set forth on Schedule 5.11; and

(e) Indebtedness secured by Permitted Liens.

7.06 Transactions with Affiliates. None of the Company or any of its Subsidiaries shall enter into or permit to exist any transaction or series of transactions with any officer, director, shareholder, Subsidiary or Affiliate of such Person other than (i) transactions expressly permitted by the terms of this Agreement; (ii) normal employment arrangements, compensation (including bonuses and grants of options) and reimbursement of expenses of current and former officers and directors; (iii) transactions entered into prior to the Closing Date, including (x) grants of warrants to shareholders of the Company in connection with the purchase of equity of the Company and to option holders in connection with their option grants and (y) transactions set forth on Schedule 7.06; (iv) transactions between the SBIC Subsidiaries, and (v) except as otherwise specifically limited in this Agreement, other transactions which are entered into on terms and conditions substantially as favorable to such Person as would be obtainable by it in a comparable arms-length transaction with a Person other than an officer, director, shareholder, Subsidiary or Affiliate.

7.07 Use of Proceeds. (a) The Company shall use the proceeds of the Loans solely for the purposes set forth in Section 6.12 and, except as described in Section 5.8, the Company shall not, and shall not suffer or permit any Subsidiary to, use any portion of the Loan proceeds, directly or indirectly, (i) to purchase or carry Margin Stock, (ii) to repay or otherwise refinance Indebtedness of the Company or others incurred to purchase or carry Margin Stock, (iii) to

extend credit for the purpose of purchasing or carrying any Margin Stock, or (iv) to acquire any security in any transaction that is subject to Section 13 or 14 of the Exchange Act.

7.08 Contingent Obligations. The Company shall not, and shall not suffer or permit any Subsidiary to, create, incur, assume or suffer to exist any Contingent Obligations except:

(a) endorsements for collection or deposit in the ordinary course of business;

(b) Swap Obligations; and

(c) Contingent Obligations of the Company and its Subsidiaries existing as of the Closing Date and listed in Schedule 4.01(l).

7.09 Restricted Payments. None of the Company or any of its Subsidiaries will make a Restricted Payment except for Permitted Distributions.

7.10 ERISA. The Company shall not, and shall not suffer or permit any of its ERISA Affiliates to: (a) engage in a prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect; or (b) engage in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

7.11 Change in Business. The Company shall not, and shall not suffer or permit any Subsidiary to, engage in any material line of business substantially different from those lines of business carried on by the Company and its Subsidiaries on the date hereof.

7.12 Accounting Changes. The Company shall not, and shall not suffer or permit any Subsidiary to, make any significant change in accounting treatment or reporting practices (except as required by GAAP and the laws and regulations promulgated by Governmental Authorities governing Registered Investment Companies and business development companies), or change the fiscal year of the Company or of any Subsidiary.

7.13 SBIC Subsidiary. The Company shall not create or acquire any Subsidiary except for any SBIC Subsidiary.

ARTICLE VIII

EVENTS OF DEFAULT

8.01 Event of Default. Any of the following shall constitute an "Event of Default":

(a) Non-Payment. The Company fails to make, (i) when and as required to be made herein, payments of any amount of principal of any Loan, or (ii) payments of any amount of interest on any Loan, payment of any fee or any other amount payable hereunder or under any other Loan Document within two (2) Business Days after the date such payment is due and payable; or

(b) Representation or Warranty. Any representation or warranty by the Company or any Loan Party made or deemed made herein, in any other Loan Document, or which is contained in any certificate, document or other written statement by the Company, any Loan Party, or any Responsible Officer, furnished at any time under this Agreement, or in or under any other Loan Document, is incorrect in any material respect on or as of the date made or deemed made; or

(c) Specific Defaults. The Company or any Loan Party fails to perform or observe any term, covenant or agreement (i) contained in Article VII, Section 6.04, 6.10, 6.12, or 6.13; or (ii) contained in Section 6.01, 6.02 or 6.03 and such failure to perform any term, covenant or agreement in the Sections set forth in this clause (ii) shall continue unremedied for a period of five (5) Business Days; or

(d) Other Defaults. The Company or any Loan Party fails to perform or observe any other term or covenant contained in this Agreement or any other Loan Document, and such default shall continue unremedied for a period of thirty (30) days after the earlier of (i) the date upon which a Responsible Officer knew or reasonably should have known of such failure or (ii) the date upon which written notice thereof is given to the Company by the Administrative Agent; or

(e) Cross-Default. (i) The Company or any Subsidiary (A) fails to make any payment in respect of any Indebtedness or Contingent Obligation, having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than $2,000,000 when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure; or (B) fails to perform or observe any other condition or covenant, or any other event shall occur or condition exist, under any agreement or instrument relating to any such Indebtedness or Contingent Obligation, and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure if the effect of such failure, event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause such Indebtedness to be declared to be due and payable prior to its stated maturity, or such Contingent Obligation to become payable or cash collateral in respect thereof to be demanded;

(f) Insolvency; Voluntary Proceedings. The Company or any Loan Party (i) generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise; (ii) voluntarily ceases to conduct its business in the ordinary course; (iii) commences any Insolvency Proceeding with respect to itself; or (iv) takes any action to effectuate or authorize any of the foregoing; or

(g) Involuntary Proceedings. (i) Any involuntary Insolvency Proceeding is commenced or filed against the Company or any Loan Party, or any writ, judgment, warrant of attachment, execution or similar process, is issued or levied against a substantial part of the Company's or the any Loan Party's properties, and any such proceeding or petition shall not be

dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within forty-five (45) days after commencement, filing or levy; (ii) the Company or the any Loan Party admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law) is ordered in any Insolvency Proceeding; or (iii) the Company or any Loan Party acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor), or other similar Person for itself or a substantial portion of its property or business; or

(h) ERISA. (i) An ERISA Event shall occur with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of the Company under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of $2,000,000 or (ii) the aggregate amount of Unfunded Pension Liability among all Pension Plans at any time exceeds $2,000,000; or (iii) the Company or any ERISA Affiliate shall fail to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of $2,000,000; or

(i) Monetary Judgments. One or more non-interlocutory judgments, non-interlocutory orders, decrees or arbitration awards is entered against the Company or any Subsidiary involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage) as to any single or related series of transactions, incidents or conditions, of $2,000,000 or more, and the same shall remain unsatisfied, unvacated and unstayed pending appeal for a period of forty-five (45) after the entry thereof; or

(j) Non-Monetary Judgments. Any non-monetary judgment, order or decree is entered against the Company or any Subsidiary which does or could reasonably be expected to have a Material Adverse Effect, and there shall be any period of 10 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(k) Change of Control. There occurs any Change of Control; or

(l) [Reserved]

(m) Loan Documents.

(i) any provision of any Loan Document shall for any reason cease to be valid and binding on or enforceable against the Company or any Loan Party thereto or the Company or any Loan Party shall so state in writing or bring an action to limit its obligations or liabilities thereunder; or

(ii) any Collateral Document shall for any reason (other than pursuant to the terms thereof) cease to create a valid security interest in the Collateral purported to be covered thereby or such security interest shall for any reason cease to be a perfected and first priority security interest subject only to Permitted Liens.

8.02 Remedies. If any Event of Default has occurred and is continuing, the Administrative Agent shall, at the request of the Required Lenders,

(a) [Reserved]

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Company;

(c) exercise all rights and remedies available to it under the Loan Documents or applicable law; and

(d) direct the Company to pay to the Administrative Agent, but only upon the Administrative Agent's demand therefor, promptly after receipt thereof, an amount equal to one hundred percent (100%) of any Net Offering Proceeds received by the Company following the occurrence and during the continuation of such Event of Default.

provided, however, that upon the occurrence of any event specified in subsection (f) or (g) of Section 8.01 (in the case of clause (i) of subsection (g) upon the expiration of the 60-day period mentioned therein), the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable without further act of the Administrative Agent or any Lender.

8.03 Rights Not Exclusive. The rights provided for in this Agreement and the other Loan Documents are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or agreement now existing or hereafter arising.

ARTICLE IX

ADMINISTRATIVE AGENT

9.01 Appointment and Authorization of Administrative Agent.

Each Lender hereby irrevocably appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere herein or in any other Loan Document, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Administrative Agent have or be deemed to have any fiduciary relationship with any Lender or participant, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent"

herein and in the other Loan Documents with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

9.02 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel and other consultants or experts concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects in the absence of gross negligence or willful misconduct.

9.03 Liability of Administrative Agent. No Agent-Related Person shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct in connection with its duties expressly set forth herein), or (b) be responsible in any manner to any Lender or participant for any recital, statement, representation or warranty made by any Loan Party or any officer thereof, contained herein or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of any Loan Party or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Lender or participant to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party or any Affiliate thereof.

9.04 Reliance by Administrative Agent.

(a) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, communication, signature, resolution, representation, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to any Loan Party), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under any Loan Document unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Required Lenders or all the Lenders, if required hereunder, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and participants. Where this Agreement expressly permits or prohibits an action unless the Required

Lenders otherwise determine, the Administrative Agent shall, and in all other instances, the Administrative Agent may, but shall not be required to, initiate any solicitation for the consent or a vote of the Lenders.

(b) For purposes of determining compliance with the conditions specified in Section 4.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by the Administrative Agent to such Lender for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender.

9.05 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Lenders, unless the Administrative Agent shall have received written notice from a Lender or the Company, describing such Default or Event of Default and stating that such notice is a "notice of default." The Administrative Agent will notify the Lenders of its receipt of any such notice. The Administrative Agent shall take such action with respect to such Default or Event of Default as may be directed by the Required Lenders in accordance with Article VIII; provided, however, that unless and until the Administrative Agent has received any such direction, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Lenders.

9.06 Credit Decision; Disclosure of Information by Administrative Agent. (a) Each Lender acknowledges that no Agent-Related Person has made any representation or warranty to it, and that no act by the Administrative Agent hereafter taken, including any consent to and acceptance of any assignment or review of the affairs of any Loan Party or any Affiliate thereof, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Lender as to any matter, including whether Agent-Related Persons have disclosed material information in their possession. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Loan Parties and their respective Subsidiaries, and all applicable bank or other regulatory Laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Company and the other Loan Parties hereunder. Each Lender also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Company and the other Loan Parties. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent herein, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial and other condition or

creditworthiness of any of the Loan Parties or any of their respective Affiliates which may come into the possession of any Agent-Related Person.

9.07 Indemnification of Administrative Agent. Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify upon demand each Agent-Related Person (to the extent not reimbursed by or on behalf of any Loan Party and without limiting the obligation of any Loan Party to do so), pro rata, and hold harmless each Agent-Related Person from and against any and all Indemnified Liabilities incurred by it; provided, however, that no Lender shall be liable for the payment to any Agent-Related Person of any portion of such Indemnified Liabilities to the extent determined in a final, nonappealable judgment by a court of competent jurisdiction to have resulted from such Person's own gross negligence or willful misconduct; provided, however, that no action taken in accordance with the directions of the Required Lenders shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section. Without limitation of the foregoing, each Lender shall reimburse the Administrative Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the Company. The undertaking in this Section shall survive the payment of all Obligations hereunder and the resignation of the Administrative Agent.

9.08 Administrative Agent in its Individual Capacity. Alcmene Funding, L.L.C. and its Affiliates may serve on the Board of Directors of the Company, make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with each of the Loan Parties and their respective Affiliates as though Alcmene Funding, L.L.C. were not the Administrative Agent hereunder and without notice to or consent of the Lenders. The Lenders acknowledge that, pursuant to such activities, Alcmene Funding, L.L.C. or its Affiliates may receive information regarding any Loan Party or its Affiliates (including information that may be subject to confidentiality obligations in favor of such Loan Party or such Affiliate) and acknowledge that the Administrative Agent shall be under no obligation to provide such information to them. With respect to its Loans, Alcmene Funding, L.L.C. shall have the same rights and powers under this Agreement as any other Lender and may exercise such rights and powers as though it were not the Administrative Agent, and the terms "Lender" and "Lenders" include Alcmene Funding, L.L.C. in its individual capacity.

9.09 Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon 30 days' notice to the Lenders. If the Administrative Agent resigns under this Agreement, the Required Lenders shall appoint from among the Lenders a successor administrative agent for the Lenders which successor administrative agent shall be consented to by the Company (which consent of the Company shall not be unreasonably withheld or delayed) except that no such consent shall be required upon the occurrence and during the continuation of an Event of Default. If no successor administrative agent is appointed prior to the effective date of the resignation of the Administrative Agent, the Administrative Agent may appoint, after

consulting with the Lenders and (other than following the occurrence and during the continuation of an Event of Default) the Company, a successor administrative agent from among the Lenders. Upon the acceptance of its appointment as successor administrative agent hereunder, the Person acting as such successor administrative agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent and the term "Administrative Agent" shall mean such successor administrative agent and the retiring Administrative Agent's appointment, powers and duties as Administrative Agent shall be terminated. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article IX and Sections 10.04 and 10.05 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. If no successor administrative agent has accepted appointment as Administrative Agent by the date which is 30 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Lenders shall perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above.

9.10 Collateral Matters. (a) The Lenders hereby irrevocably authorize the Administrative Agent, at its option and in its sole discretion, to release any Liens upon any Collateral: (i) upon (A) the satisfaction in full and payment in full, in cash, of all Loans and all other Obligations owing to the Administrative Agent and the Lenders and (B) adequate provision has been made for the satisfaction of any indemnification right of the Administrative Agent or any Lender in respect of any asserted claim or any claim, the assertion of which is probable (as determined under applicable accounting standards) (whether or not such claim has been filed or registered with any court, Governmental Authority, or any other governing body, as applicable); or (ii) constituting property being sold or disposed of if the Loan Party disposing of such property certifies to the Administrative Agent that the sale or disposition is made in compliance with Section 7.02 of this Agreement (and the Administrative Agent may rely conclusively on any such certificate, without further inquiry). Except as provided above, the Administrative Agent will not release any of the Administrative Agent's Liens without the prior written authorization of the Required Lenders except that the Administrative Agent shall not release all or substantially all of the Collateral without the consent of each Lender. Upon request by the Administrative Agent or the Loan Parties at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release any Liens granted to the Administrative Agent in the Loan Documents upon particular types or items of Collateral pursuant to this Section 9.10.

(b) Upon receipt by the Administrative Agent of any authorization required pursuant to Section 9.10(a) from the Required Lenders or all Lenders, as the case may be, of the Collateral Agent's authority to release any Liens upon particular types or items of Collateral, the Administrative Agent shall (and is hereby irrevocably authorized by the Lenders to) execute such documents as may be necessary to evidence the release of the Liens granted to the Administrative Agent in the Loan Documents upon such Collateral; provided, however, that (i) the Administrative Agent shall not be required to execute any such document on terms which, in the Administrative Agent's opinion, would expose the Administrative Agent to liability or create any obligation or entail any consequence other than the release of such Liens without recourse or warranty and (ii) such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those expressly being released) upon (or obligations of the Loan Parties

in respect of) all interests retained by the Loan Parties, including the proceeds of any sale, all of which shall continue to constitute part of the Collateral.

(c) The Administrative Agent shall have no obligation whatsoever to any of the Lenders to assure that the Collateral exists or is owned by the Loan Parties or is cared for, protected, or insured or has been encumbered, or that the Liens granted to the Administrative Agent in the Loan Documents have been properly or sufficiently or lawfully created, perfected, protected, or enforced or are entitled to any particular priority, or to exercise at all or in any particular manner or under any duty of care, disclosure, or fidelity, or to continue exercising, any of the rights, authorities, and powers granted or available to the Administrative Agent pursuant to any of the Loan Documents, it being understood and agreed that in respect of the Collateral, or any act, omission, or event related thereto, the Administrative Agent may act in any manner it may deem appropriate consistent and in accordance with the terms of this Agreement and the other Loan Documents, given the Administrative Agent's own interest in the Collateral in its capacity as one of the Lenders and that the Administrative Agent shall have no other duty or liability whatsoever to any Lender as to any of the foregoing.

ARTICLE X

MISCELLANEOUS

10.01 Amendments, Etc. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Company or any Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders and the Company or the applicable Loan Party, as the case may be, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall, unless in writing and signed by each of the Lenders directly affected thereby and by the Company, and acknowledged by the Administrative Agent, do any of the following:

(a) postpone any date fixed by this Agreement or any other Loan Document for any payment or mandatory prepayment of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document;

(b) reduce the principal of, or the rate of interest specified herein on, any Loan any fees or other amounts payable hereunder or under any other Loan Document; provided, however, that only the consent of the Required Lenders shall be necessary to amend the definition of "Default Rate" or to waive any obligation of the Company to pay interest at the Default Rate;

(c) change the percentage of the aggregate unpaid principal amount of the Loans which is required for the Lenders or any of them to take any action hereunder;

(d) change the Pro Rata Share of any Lender;

(e) amend this Section, or Section 2.12, or any provision herein providing for consent or other action by all the Lenders; or

(f) release all or substantially all of the Collateral.

and, provided further, that no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Required Lenders or each directly-affected Lender, as the case may be, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document.

10.02 Notices and Other Communications; Facsimile Copies.

(a) General. Unless otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including by facsimile transmission) and mailed, faxed or delivered, to the address, facsimile number or (subject to subsection (c) below) electronic mail address specified for notices on Schedule 10.02; or, in the case of the Company or the Administrative Agent to such other address as shall be designated by such party in a written notice to the other parties, and in the case of any other party, to such other address as shall be designated by such party in a notice to the Company and the Administrative Agent. All such notices and other communications shall be deemed to be given or made upon the earlier to occur of (i) actual receipt by the intended recipient and (ii) (A) if delivered by hand or by courier, when signed for by the intended recipient; (B) if delivered by mail, four Business Days after deposit in the mails, postage prepaid; (C) if delivered by facsimile, when sent and receipt has been confirmed by telephone; and (D) if delivered by electronic mail (which form of delivery is subject to the provisions of subsection (c) below), when delivered; provided, however, that notices and other communications to the Administrative Agent pursuant to Article II shall not be effective until actually received by such Person. Any notice or other communication permitted to be given, made or confirmed by telephone hereunder shall be given, made or confirmed by means of a telephone call to the intended recipient at the number specified on Schedule 10.02, it being understood and agreed that a voicemail message shall in no event be effective as a notice, communication or confirmation hereunder.

(b) Effectiveness of Facsimile Documents and Signatures. Loan Documents may be transmitted and/or signed by facsimile. The effectiveness of any such documents and signatures shall, subject to applicable Law, have the same force and effect as manually-signed originals and shall be binding on the Company, the Loan Parties, the Administrative Agent and the Lenders. The Administrative Agent may also require that any such documents and signatures be confirmed by a manually-signed original thereof; provided, however, that the failure to request or deliver the same shall not limit the effectiveness of any facsimile document or signature.

(c) Limited Use of Electronic Mail. Electronic mail and Internet and intranet websites may be used only to distribute routine communications, such as financial statements and other information as provided in Section 6.01, and to distribute Loan Documents for execution by the parties thereto, and may not be used for any other purpose unless otherwise agreed by the Company and the Administrative Agent.

(d) Reliance by Administrative Agent and Lenders. The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices purportedly given by or on behalf of the Company even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Company shall indemnify each Agent-Related Person and each Lender from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Company. All telephonic notices to and other communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

10.03 No Waiver; Cumulative Remedies. No failure to exercise and no delay in the exercising, on the part of any Lender or the Administrative Agent, of any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

10.04 Costs and Expenses. The Company and each of the Loan Parties jointly and severally, shall:

(a) whether or not the transactions contemplated hereby are consummated, pay or reimburse the Administrative Agent within five (5) Business Days after demand for all costs and expenses incurred by the Administrative Agent in connection with the development, preparation, delivery, administration and execution of, and any amendment, supplement, waiver or modification to (in each case, whether or not consummated), this Agreement, any Loan Document and any other documents prepared in connection herewith or therewith, and the consummation of the transactions contemplated hereby and thereby, including reasonable Attorney Costs incurred by the Administrative Agent with respect thereto; and

(b) pay or reimburse the Administrative Agent within five (5) Business Days after demand for all costs and expenses (including Attorney Costs) incurred by them in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or any other Loan Document upon the occurrence and during the continuation of an Event of Default or after acceleration of the Loans (including in connection with any "workout" or restructuring regarding the Loans, and including in any Insolvency Proceeding or appellate proceeding); and

(c) pay or reimburse the Administrative Agent within five (5) Business Days after demand for all appraisal (including the allocated cost of internal appraisal services), audit, environmental inspection and review (including the allocated cost of such internal services), search and filing costs, fees and expenses, incurred or sustained by the Administrative Agent in connection with the matters referred to under subsections (a) and (b) of this Section.

10.05 Company Indemnification. (a) Whether or not the transactions contemplated hereby are consummated, the Company and each Loan Party shall jointly and severally indemnify, defend and hold each of the Agent-Related Persons, the Lenders and each of their respective officers, directors, employees, counsel, agents and attorneys-in-fact (each, an

"Indemnified Person") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses and disbursements (including Attorney Costs) of any kind or nature whatsoever which may at any time (including at any time following repayment of the Loans) be imposed on, incurred by or asserted against any such Person in any way relating to or arising out of this Agreement, any Loan Document or any other document contemplated by or referred to herein, or the transactions contemplated hereby or thereby, or any action taken or omitted by any such Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including any Insolvency Proceeding or appellate proceeding) related to or arising out of this Agreement, the Loan Documents or the Loans or the use of the proceeds thereof, whether or not any Indemnified Person is a party thereto (all the foregoing, collectively, the "Indemnified Liabilities"); provided that none of the Company or any Loan Party shall have any obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities resulting from the gross negligence or willful misconduct of such Indemnified Person. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Company, a Loan Party, any of their directors, securityholders or creditors, an Indemnified Party or any other person, or an Indemnified Party is otherwise a party thereto and whether or not eh transactions contemplated hereby are consummated. Each of the Company and each Loan Party further agrees that no Indemnified Party shall have any liability (whether in contract, tort or otherwise) to the Company, each Loan Party or any of their securityholders or creditors for or in connection with the transactions contemplated hereby, except for direct damages (as opposed to special, indirect, consequential or punitive damages (including, without limitation, any loss of profits, business or anticipated savings)) determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted primarily from such Indemnified Party's gross negligence of willful misconduct.

(b) Survival; Defense. The obligations in this Section 10.05 shall survive payment of all other Obligations. At the election of any Indemnified Person, the Company shall defend such Indemnified Person using legal counsel satisfactory to such Indemnified Person in such Person's sole discretion, at the sole cost and expense of the Company. All amounts owing under this Section shall be paid within 30 days after demand.

10.06 Marshalling; Payments Set Aside. The Administrative Agent or any Lender shall not be under any obligation to marshall any assets in favor of the Company or any other Person or against or in payment of any or all of the Obligations. To the extent that the Company makes a payment to the Administrative Agent or any Lender, or the Administrative Agent or any Lender exercises its right of set-off, and such payment or the proceeds of such set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any Insolvency Proceeding or otherwise, then to the extent of such recovery the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred.

10.07 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except

that neither the Company nor any Loan Party may assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Administrative Agent and the Lenders.

10.08 Assignments, Participations, etc.

(a) Any Lender may at any time assign to one or more financial institutions (an "Assignee") all or a portion of its rights and obligations under this Agreement (including all or a portion of the Loans at the time owing to it); provided that (i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than $1,000,000, unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Company otherwise consents (each such consent not to be unreasonably withheld or delayed), and (ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans assigned. Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (b) of this Section, from and after the effective date specified in each Assignment and Assumption, the Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 3.01, 3.02, 3.03 and 10.05 with respect to facts and circumstances occurring prior to the effective date of such assignment). Upon request, the Company (at its expense) shall execute and deliver new or replacement Notes to the assigning Lender and the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (c) of this Section.

(b) The Administrative Agent, acting solely for this purpose as an agent of the Company, shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and principal amounts of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Company, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Company and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(c) Any Lender may at any time, without the consent of, or notice to, the Company or the Administrative Agent, sell participations to any Person (other than a natural person or the Company or any of the Company's Affiliates or Subsidiaries (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Company, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification that would (i) postpone any date upon which any payment of money is scheduled to be paid to such Participant, or (ii) reduce the principal, interest, fees or other amounts payable to such Participant, or (iii) release all or substantially all of the Collateral. Subject to subsection (e) of this Section, the Company agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.02, 3.03 and 10.05 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.10 as though it were a Lender, provided such Participant agrees to be subject to Section 2.12 as though it were a Lender.

(d) A Participant shall not be entitled to receive any greater payment under Section 3.01 or 3.02 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Company's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.01 unless the Company is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Company, to comply with Section 10.13 as though it were a Lender.

(e) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Notes, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to an FRB; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledge or assignee for such Lender as a party hereto.

10.09 Confidentiality. Each of the Administrative Agent and the Lenders agrees to take and to cause its Affiliates to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all information identified as "confidential" or "secret" by the Company and provided to it by the Company or any Subsidiary, under this Agreement or any other Loan Document, and neither it nor any of its Affiliates shall use any such information other than in connection with or in enforcement of this Agreement and the other Loan Documents or in connection with other business now or hereafter existing or contemplated with the Company or any Subsidiary; except to the extent such information (i) was or becomes generally available to the public other than as a result of disclosure by the Administrative Agent or any Lender, or (ii) was or becomes available on a non-confidential basis from a source other than the Company,

provided that such source is not bound by a confidentiality agreement with the Company known to the Administrative Agent or any Lender; provided, however, that the Administrative Agent or any Lender may disclose such information (A) at the request or pursuant to any requirement of any Governmental Authority to which the Administrative Agent or any Lender is subject or in connection with an examination of the Administrative Agent or any Lender by any such authority; (B) pursuant to subpoena or other court process; (C) when required to do so in accordance with the provisions of any applicable Requirement of Law; (D) to the extent reasonably required in connection with any litigation or proceeding to which the Administrative Agent or any Lender or its Affiliates may be party; (E) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other Loan Document; (F) to the Administrative Agent or any Lender's independent auditors and other professional advisors; (G) to any Participant or Assignee, actual or potential, provided that such Person agrees in writing to keep such information confidential to the same extent required of a Lender hereunder; (H) as to the Administrative Agent or any or its Affiliate, as expressly permitted under the terms of any other document or agreement regarding confidentiality to which the Company or any Subsidiary is party or is deemed party with the Administrative Agent or any Lender or such Affiliate; and (I) to its Affiliates.

10.10 Set-off. In addition to any rights and remedies of the Lenders provided by law, if an Event of Default has occurred and is continuing or the Loans have been accelerated, each Lender is authorized at any time and from time to time, without prior notice to the Company, any such notice being waived by the Company to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other Indebtedness at any time owing by, such Lender to or for the credit or the account of the Company against any and all Obligations owing to such Lender, now or hereafter existing, irrespective of whether or not such Lender shall have made demand under this Agreement or any Loan Document and although such Obligations may be contingent or unmatured. Each Lender agrees promptly to notify the Company after any such set-off and application made by such Lender; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

10.11 Counterparts. This Agreement may be executed in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument.

10.12 Severability. The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

10.13 Tax Forms. (a) Each Lender that is not a "United States person" within the meaning of Section 7701(a)(30) of the Code (a "Foreign Lender") shall deliver to the Administrative Agent, prior to receipt of any payment subject to withholding under the Code (or upon accepting an assignment of an interest herein), two duly signed completed copies of either IRS Form W-8BEN or any successor thereto (relating to such Person and entitling it to an exemption from, or reduction of, withholding tax on all payments to be made to such Person by the Company pursuant to this Agreement) or IRS Form W-8ECI or any successor thereto

(relating to all payments to be made to such Person by the Company pursuant to this Agreement) or such other evidence satisfactory to the Company and the Administrative Agent that such Person is entitled to an exemption from, or reduction of, U.S. withholding tax. Thereafter and from time to time, each such Person shall (i) promptly submit to the Administrative Agent such additional duly completed and signed copies of one of such forms (or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities) as may then be available under then current United States laws and regulations to avoid, or such evidence as is satisfactory to the Company and the Administrative Agent of any available exemption from or reduction of, United States withholding taxes in respect of all payments to be made to such Person by the Company pursuant to this Agreement, (ii) promptly notify the Administrative Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction, and (iii) take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Lender, and as may be reasonably necessary (including the re-designation of its Lending Office) to avoid any requirement of applicable Laws that the Company make any deduction or withholding for taxes from amounts payable to such Person. If such Person fails to deliver the above forms or other documentation, then the Administrative Agent may withhold from any interest payment to such Person an amount equivalent to the applicable withholding tax imposed by Sections 1441 and 1442 of the Code, without reduction.

(b) Upon the request of the Administrative Agent, each Lender that is a "United States person" within the meaning of Section 7701(a)(30) of the Code shall deliver to the Administrative Agent two duly signed completed copies of IRS Form W-9. If such Lender fails to deliver such forms, then the Administrative Agent may withhold from any interest payment to such Lender an amount equivalent to the applicable back-up withholding tax imposed by the Code, without reduction.

(c) If any Governmental Authority asserts that the Administrative Agent did not properly withhold or backup withhold, as the case may be, any tax or other amount from payments made to or for the account of any Lender, such Lender shall indemnify the Administrative Agent therefor, including all penalties and interest, any taxes imposed by any jurisdiction on the amounts payable to the Administrative Agent under this Section, and costs and expenses (including Attorney Costs) of the Administrative Agent. The obligation of the Lenders under this Section shall survive the termination of the Loans, repayment of all Obligations and the resignation of the Administrative Agent.

10.14 No Third Parties Benefited. This Agreement is made and entered into for the sole protection and legal benefit of the Company, the Loan Parties and Administrative Agent and the Lenders and the Agent-Related Persons, and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents.

10.15 Governing Law and Jurisdiction. (a) THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK; PROVIDED THAT THE ADMINISTRATIVE AGENT SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE COMPANY, EACH LOAN PARTY, THE ADMINISTRATIVE AGENT AND EACH LENDER CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE COMPANY, EACH LOAN PARTY, THE ADMINISTRATIVE AGENT AND EACH LENDER IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. EACH OF THE COMPANY, EACH LOAN PARTY, THE ADMINISTRATIVE AGENT AND EACH LENDER EACH WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW.

10.16 Waiver of Jury Trial. EACH OF THE COMPANY, EACH LOAN PARTY, THE ADMINISTRATIVE AGENT AND EACH LENDER WAIVES THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY AGENT-RELATED PERSON, PARTICIPANT OR ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. EACH OF THE COMPANY, EACH LOAN PARTY, THE ADMINISTRATIVE AGENT AND EACH LENDER AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

10.17 Entire Agreement. This Agreement, together with the other Loan Documents, embodies the entire agreement and understanding between the Company, the Loan Parties, the Administrative Agent and the Lenders, and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof.

10.18 USA Patriot Act Notification. The Administrative Agent hereby notifies the Company that pursuant to the requirements of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 Title III

of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Company, which information includes the name and address of the Company and other information that will allow the Administrative Agent to identify the Company in accordance with the Act. The Company agrees to cooperate with each Lender and provide true, accurate complete information to such Lender in response to any such reasonable request.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered in New York, New York by their proper and duly authorized officers as of the day and year first above written.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC., as the Company

By: _____
Title: _____

ALCMENE FUNDING, L.L.C.,
as Administrative Agent and as a Lender

By: _____
Title: _____

Exhibit F.2

PLEDGE AND SECURITY AGREEMENT

PLEDGE AND SECURITY AGREEMENT, dated as of April 12, 2005 (as amended, supplemented or modified from time to time, this "Agreement"), made by HERCULES TECHNOLOGY GROWTH CAPITAL, INC. ("Grantor") in favor of ALCMENE FUNDING, L.L.C., in its capacity as Administrative Agent under the Credit Agreement referred to below (in such capacity herein, "Secured Party").

RECITALS

Pursuant to the Credit Agreement dated as of the date hereof (as amended, supplemented or modified from time to time, the "Credit Agreement"; capitalized terms used but not defined herein shall have the meanings given such terms in the Credit Agreement) by and among Grantor, as the borrower, the Lenders party thereto and Alcmene Funding, L.L.C., as a Lender and the Administrative Agent (in such capacity, the "Administrative Agent"), Secured Party and the other Lenders, if any, have agreed to make the Loans to Grantor. In order to induce Secured Party and the other Lenders, if any, to make the Loans, Grantor has agreed to grant a continuing Lien on the Collateral to secure the Obligations (as hereinafter defined). Accordingly, Grantor hereby agrees as follows:

1. Security Interest.

(a) Grant of Security. As security for the Obligations (as hereinafter defined), Grantor hereby delivers, assigns, pledges, sets over and grants to Secured Party, for the benefit of itself, the Lenders and the Administrative Agent, a first priority security interest in, subject only to Permitted Liens, all of its right, title and interest, whether now existing or hereafter arising or acquired, in and to any and all items of its personal property described on Exhibit A hereto, together with all substitutions and replacements thereof and any products and proceeds thereof including any of which are described on a supplement hereto in substantially the form of Exhibit B hereto (the "Collateral").

(b) Security for Obligations. This Agreement secures the payment of all now existing or hereafter arising obligations of Grantor to Secured Party, the Lenders and/or the Administrative Agent, whether primary or secondary, direct or indirect, absolute or contingent, joint or several, secured or unsecured, due or not, liquidated or unliquidated, arising by operation of law or otherwise under the Credit Agreement or any other Loan Document, whether for principal, interest, fees, expenses or otherwise, together with all costs of collection or enforcement, including, without limitation, reasonable attorneys' fees incurred in any collection efforts or in any action or proceeding (all such obligations being the "Obligations").

(c) Grantor Remains Liable. This Agreement shall not affect Grantor's liability to perform all of its duties and obligations under the transactions giving rise to the Obligations. The exercise by Secured Party of any of the rights hereunder shall not release Grantor from any of its duties or obligations under the transactions giving rise to the Obligations, which shall remain unchanged as if this Agreement had not been executed. Secured Party shall not have any obligation or liability under the transactions giving rise to the Obligations by reason of this Agreement, nor shall Secured Party be obligated to perform any of the obligations or duties of any Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

(d) Supplement. From time to time Grantor may deliver, assign, pledge, set over and grant to Secured Party a first priority security interest, subject only to Permitted Liens, in any additional items of personal property by delivering a supplement hereto in substantially the form of Exhibit B hereto

listing such items; thereafter, all such items of personal property shall be "Collateral" hereinafter and subject to the terms of this Agreement.

(e) Continuing Agreement. This Agreement shall create a continuing security interest in the Collateral and shall remain in full force and effect until payment in full of the Obligations.

2. Title; Liens and Encumbrances. Grantor represents and warrants that it is (or to the extent that this Agreement states that the Collateral is to be acquired after the date hereof, will be) the record and beneficial owner of, having (or to the extent that this Agreement states that the Collateral is to be acquired after the date hereof, will have) good and marketable title to, the Collateral pledged by it hereunder, free of any and all Liens or options in favor of, or claims of, any other person, except the Liens created by this Agreement and Permitted Liens. Grantor will promptly notify Secured Party of any such other Lien or claim made or asserted against the Collateral and will defend the Collateral against any such Lien or other claim.

3. State of Organization or Residence; Legal Name. Grantor represents and warrants to Secured Party as follows:

(a) Grantor is a registered Maryland corporation and is not organized under the laws of any other jurisdiction. Grantor shall promptly notify Secured Party of any change in the foregoing representation.

(b) Grantor's registered or legal name is "Hercules Technology Growth Capital, Inc." Grantor currently uses no other names including business or trade names. Grantor's previous name was "Condor Capital Partners, Inc." During the last five years, Grantor has used no other names, including business or trade names, other than "Hercules Technology Growth Capital, Inc." and "Condor Capital Partners, Inc." Grantor shall not change its name from "Hercules Technology Growth Capital, Inc." without providing Secured Party thirty (30) days prior written notice.

(c) Grantor's organizational identification number is D07705197. Grantor currently uses, and during the last five years has used, no other organizational identification numbers including any used by predecessors to Grantor. Grantor shall not change such organizational identification number without providing Secured Party thirty (30) days prior written notice.

(d) The grant of the security interest in the Collateral, combined with the filing of financing statements, the execution of control agreements, the execution of Assignments, and/or possession of the Collateral, each as appropriate, is effective to vest in Secured Party a valid and perfected first priority security interest, superior to the rights of any person in and to the Collateral as set forth herein, subject only to Permitted Liens.

4. Perfection of Security Interest. Grantor authorizes Secured Party to file all such financing statements and amendments thereto pursuant to the Uniform Commercial Code as in effect in the State of New York, as it may be amended, supplemented or otherwise modified from time to time (the "New York UCC"), the Uniform Commercial Code as in effect in the State of Maryland, and/or the Uniform Commercial Code of any other applicable jurisdiction, as it may be amended, supplemented or otherwise modified from time to time (the "Applicable UCC"), or other notices appropriate under applicable law, as Secured Party may require, each in form satisfactory to Secured Party. Grantor also shall pay all filing or recording costs with respect thereto, and all costs of filing or recording this Agreement or any other agreement or document executed and delivered pursuant hereto or to the Obligations (including the cost of all federal, state or local mortgage, documentary, stamp or other taxes), in each case, in all public offices where filing or recording is deemed by Secured Party to be necessary or

desirable. Grantor authorizes Secured Party to take all other action which Secured Party may deem reasonably necessary to perfect or otherwise protect the Liens created hereunder and to obtain the benefits of this Agreement.

5. Covenants Relating to Collateral.

(a) Subject to the provisions of clause (b) below, until the Obligations shall have been paid in full, and the Credit Agreement shall have terminated, Grantor covenants and agrees that if Grantor shall become entitled to receive or shall receive any certificate or instrument in respect of the Collateral (including, without limitation, share certificates, certificates representing warrants, options or other rights and promissory notes or other evidences of indebtedness issued in respect of Borrowing Loans), whether constituting, in addition to, in substitution of, as a conversion of, or in exchange for, any of the Collateral, or otherwise in respect thereof, Grantor shall accept the same as the agent of Secured Party, hold the same in trust for Secured Party and deliver the same forthwith to Secured Party in the exact form received, duly endorsed by Grantor to Secured Party, if required, together with an undated assignment covering such certificate or instrument duly executed in blank by Grantor and with, if Secured Party so requests, signature guaranteed, to be held by Secured Party, subject to the terms thereof, as additional collateral security for the Obligations. If any of the foregoing property so distributed in respect of the Collateral shall be received by Grantor, Grantor shall, until such property is paid or delivered to Secured Party, hold such property in trust for Secured Party, segregated from other funds or property of Grantor, as additional collateral security for the Obligations.

(b) For so long as the Grantor is subject to the provisions of the Investment Company Act of 1940 (the "40 Act"), Grantor shall cause Union Bank of California, N.A., or other "custodian" (as such term is used in Section 17(f) of 40 Act, hereinafter, the "Custodian") approved in advance by the Secured Party (which approval shall not unreasonably be withheld or delayed) to hold all Collateral constituting "securities and similar investments" (as such term is used in Section 17(f) of the 40 Act, hereinafter, the "Pledged Collateral") pursuant to a Custody Agreement executed by Grantor, the Custodian and Secured Party, substantially in the form attached hereto asExhibit C (the "Custody Agreement"), and Grantor, in lieu of delivering such Pledged Collateral to the Secured Party as provided in subsection (a), shall deliver the same to the Custodian duly endorsed or accompanied by an assignment as aforesaid (or such endorsements or assignments may be separately delivered to Secured Party), and the Custodian shall hold the Pledged Collateral for the benefit of the Secured Party in accordance with the Applicable UCC. If the Custodian shall at any time provide notice of resignation, as provided in the Custody Agreement, the Grantor shall designate another Custodian as aforesaid prior to the effective time of such resignation, such that at all times the Pledged Collateral shall be held by a Custodian in accordance with the terms of this Agreement. Agent agrees that, other than after the occurrence and during the continuance of an Event of Default, Agent shall consent to any sale, trade, transfer, exchange or withdrawal of Pledged Collateral which is (i) required by applicable law including, but not limited to, any such transactions that are necessary to avoid a violation of the Company's investment restrictions set forth in its Prospectus or Registration Statement on Form N-2, or (ii) necessary to maintain the Company's status as a "regulated investment company" under Subchapter M of the Code or to avoid the imposition of any excise tax or other taxes under Subchapter M of the Code.

(c) As of the date hereof, Grantor maintains no "deposit account" (as such term is defined in the New York UCC) other than Business Checking Account number 4720029656, at Union Bank of California, N.A. (hereafter, the "Deposit Bank"). As of the date hereof, Grantor, the Deposit Bank and Secured Party shall execute a deposit account control agreement in the form of Exhibit D hereto (the "Deposit Account Control Agreement"). If, at any time, Grantor shall open any other "deposit account" (as defined in the New York UCC), Grantor agrees that it shall promptly, but in no event later than the time funds of the Grantor are first deposited in, or credited to, such deposit account, cause the

bank at which such deposit account is maintained, to execute an agreement in the form of the Deposit Account Control Agreement (or other agreement reasonably acceptable to Secured Party) in order to perfect the security interest of Secured Party in the deposit account pursuant to the Applicable UCC.

(d) As of the date hereof, Grantor maintains no "securities account" (as such term is defined in the New York UCC) Business Money Market Account number 6733000240, at Union Bank of California, N.A. (hereafter, the "Securities Intermediary"). As of the date hereof, Grantor, the Securities Intermediary and Secured Party shall execute a securities account control agreement in the form of Exhibit E hereto (the "Securities Account Control Agreement"). If, at any time, Grantor shall open any other "securities account" (as defined in the New York UCC), Grantor agrees that it shall promptly, but in no event later than the time such securities are first deposited in, or credited to, such securities account, cause the bank at which such securities account is maintained, to execute an agreement in the form of the Securities Account Control Agreement (or other agreement reasonably acceptable to Secured Party) in order to perfect the security interest of Secured Party in the securities account pursuant to the Applicable UCC.

6. Collections; Other Rights.

(a) Except as provided herein or in any of the Custody Agreement, the Deposit Account Control Agreement or the Securities Account Control Agreement, Grantor may receive all cash interest, dividends and distributions paid in respect of the Collateral, and to exercise all voting rights with respect to the Collateral; provided, however, that no vote shall be cast or right exercised or other action taken which, in Secured Party's reasonable judgment, would impair the Collateral or which would be inconsistent with or result in any violation of any provision of this Agreement or any other Loan Document.

(b) All of the foregoing amounts set forth in paragraph (a) of this Section 6 so collected after the occurrence of and during the continuation of an Event of Default shall be held in trust by Grantor for and as the property of Secured Party and, upon written notice thereof to the Grantor, shall not be commingled with other funds, money or property of Grantor.

(c) After the occurrence and during the continuation of an Event of Default, if so requested by Secured Party, Grantor will immediately upon receipt of all such checks, cash or other remittances constituting part of the Collateral or in payment for any Collateral sold, transferred, leased or otherwise disposed of, deliver any such items to Secured Party accompanied by a remittance report in form supplied or approved by Secured Party. Grantor shall deliver such items in the same form received, endorsed or otherwise assigned by Grantor where necessary to permit collection of such items.

7. Events of Default. The occurrence of any one or more Events of Default by any Obligor under the Credit Agreement shall constitute an event of default ("Event of Default") under this Agreement.

8. Rights and Remedies.

(a) Upon the occurrence and during the continuation of any Event of Default: (i) Secured Party may exercise exclusive control over the Collateral; (ii) Secured Party shall have the right, with or without (to the extent permitted by applicable law) notice to Grantor, as to any or all of the Collateral, by any available judicial procedure or without judicial process, to take possession of the Collateral and without liability for trespass to enter any premises where the Collateral may be located for the purpose of taking possession of or removing the Collateral, and generally to exercise any and all rights afforded to a secured party under the Applicable UCC or other applicable law; (iii) Secured Party shall

have the right to sell, lease, or otherwise dispose of all or any part of the Collateral, whether in its then condition or after further preparation or processing, either at public or private sale or at any broker's board, in lots or in bulk, for cash or for credit, with or without warranties or representations, and upon such terms and conditions, all as Secured Party in its sole discretion and in compliance with applicable law, may deem advisable; (iv) at Secured Party's written request, Grantor shall assemble the Collateral and make it available to Secured Party at places which Secured Party shall select, whether at Grantor's premises or elsewhere, and make available to Secured Party, without rent, all of Grantor's premises and facilities for the purpose of Secured Party's taking possession of, removing or putting the Collateral in saleable or disposable form; (v) Secured Party shall have the right to receive any and all cash interest, dividends, distributions, payments or other proceeds paid in respect of the Collateral and made application thereof to the Obligations in such order as Secured Party may determine; and (vi) any or all of the Collateral may be registered in the name of Secured Party or its nominee and it may thereafter exercise (x) all voting, corporate and other rights pertaining to such Collateral and (y) any and all rights of conversion, exchange and subscription and any other rights, privileges or options pertaining to such Collateral as if it were the absolute owner thereof (including, without limitation, the right to exchange at its discretion any and all securities or securities entitlements upon any merger, consolidation, reorganization, recapitalization or other fundamental change, or upon the exercise of Grantor or Secured Party of any right, privilege or option pertaining to such securities or securities entitlements, and in connection therewith, the right to deposit and deliver any and all of the securities or securities entitlements with any committee, depositary, transfer agent, registrar or other designated agency upon such terms and conditions as Secured Party may determine), all without liability except to account for property actually received by it, but Secured Party shall have no duty to Grantor to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

(b) Any such sale, lease or other disposition of Collateral may be made without demand for performance or any notice of advertisement whatsoever, except as otherwise required by law and, except that where an applicable statute requires reasonable notice of sale or other disposition, Grantor agrees that the sending of ten (10) days notice by ordinary mail, postage prepaid, to Grantor of the place and time of any public sale or of the time at which any private sale or other intended disposition is to be made, shall be deemed reasonable notice thereof. Notwithstanding the foregoing, if any of the Collateral may be materially diminished in value during such ten (10) day period, Secured Party shall provide Grantor with such shorter notice as it deems reasonable under the circumstances, except as otherwise required by law.

(c) The proceeds of any such sale, lease or other disposition of the Collateral shall be applied first to the expenses of retaking, holding, storing, processing and preparing for sale, selling, and the like, and to the reasonable attorneys' fees and legal expenses incurred by Secured Party, and then to satisfaction of the Obligations (in any order as Secured Party may decide in its sole discretion), and to the payment of any other amounts required by applicable law. If, upon the sale, lease or other disposition of the Collateral, the proceeds thereof are insufficient to pay all amounts to which a Lender, the Administrative Agent or Secured Party is legally entitled, Grantor will be liable for the deficiency, together with interest thereon, at the rate prescribed in the agreements giving rise to the Obligations, and the reasonable fees of any attorneys employed by Secured Party to collect such deficiency. To the extent permitted by applicable law, Grantor waives all claims, damages and demands against Secured Party arising out of the repossession, removal, retention or sale of the Collateral.

9. Power of Attorney. Grantor authorizes Secured Party and does hereby make, constitute and appoint Secured Party, and any officer or agent of Secured Party, with full power of substitution, as Grantor's true and lawful attorney-in-fact, with power, in its own name or in the name of Grantor, which power shall be effective upon the occurrence and during the continuation of an Event of Default: (i) to endorse any notes, checks, drafts, money orders, or other instruments of payment

(including payments payable under or in respect of any policy of insurance) in respect of the Collateral that may come into possession of Secured Party; (ii) to pay or discharge any taxes, liens, security interest or other encumbrances at any time levied or placed on or threatened against the Collateral; (iii) to demand, collect, receipt for, compromise, settle and sue for monies due in respect of the Collateral; (iv) to receive, open and dispose of all mail addressed to Grantor and to notify the post office authorities to change the address for delivery of mail addressed to Grantor to such address as Secured Party may designate; (v) to exercise all membership rights, powers and privileges in connection with the Collateral to the same extent as Grantor is entitled to exercise such rights, powers and privileges; and (vi) generally to do all acts and things which Secured Party deems reasonably necessary to protect, preserve and realize upon the Collateral and Secured Party's security interest therein. Grantor hereby approves and ratifies all acts of said attorney or designee, who shall not be liable for any acts of commission or omission, nor for any error or judgment or mistake of fact or law except for its own gross negligence or willful misconduct. This power of attorney shall be irrevocable for the term of this Agreement and thereafter as long as any of the Obligations shall be outstanding.

10. Notices. Notices shall be given in the manner, to the addresses and with the effect provided in Section 10.02 of the Credit Agreement.

11. Other Security. To the extent that the Obligations are now or hereafter secured by property other than the Collateral or by the guarantee, endorsement or property of any other Person, then Secured Party shall have the right in its sole discretion to pursue, relinquish, subordinate, modify or take any other action with respect thereto, without in any way modifying or affecting any of Secured Party's rights and remedies hereunder.

12. No Waiver; Rights Cumulative.

(a) No course of dealing between Grantor and Secured Party, any Lender and the Administrative Agent, or Secured Party's failure to exercise or delay in exercising any right, power or privilege hereunder, shall operate as a waiver thereof. Any single or partial exercise of any right, power or privilege hereunder shall not preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

(b) All of Secured Party's rights and remedies with respect to the Collateral, whether established hereby or by any other agreements, instruments or documents or by law, shall be cumulative and may be exercised singly or concurrently.

13. Limitation on Secured Party's Duty in Respect of Collateral. Secured Party shall not have any duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of it or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto, except that Secured Party shall use reasonable care with respect to the Collateral in its possession or under its control and act in accordance with sections 9-207 and 9-208 of the New York UCC.

14. Amendments, Etc. No amendment or waiver of any provision of this Agreement nor consent to any departure by Secured Party therefrom shall in any event be effective unless the same shall be in writing, approved by Secured Party and signed by Secured Party, and then any such waiver or consent shall only be effective in the specific instance and for the specific purpose for which given.

15. Successors and Assigns. This Agreement and all obligations of Grantor and Secured Party hereunder shall be binding upon the successors and assigns of Grantor and Secured Party, as applicable, and shall, together with the rights and remedies of Secured Party hereunder, inure to the

benefit of Secured Party, the Lenders or the Administrative Agent and their respective successors and assigns.

16. No Partnership. The relationship between Secured Party and Grantor shall be only of creditor-debtor and no relationship of agency, partner or joint- or co-venturer shall be created by or inferred from this Agreement or the other Loan Documents. Grantor shall indemnify, defend, and save Secured Party harmless from any and all claims asserted against Secured Party as being the agent, partner, or joint-venturer of Grantor.

17. Entire Agreement. This Agreement, together with the Custody Agreement, the Deposit Account Control Agreement and the Securities Account Control Agreement, embodies the entire agreement and understanding between Grantor and Secured Party with respect to its subject matter and supersedes all prior conflicting or inconsistent agreements, consents and understandings relating to such subject matter. Grantor acknowledges and agrees that there is no oral agreement between Grantor and Secured Party which has not been incorporated in this Agreement.

18. Counterparts. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

19. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

20. Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of New York, except to the extent the New York UCC provides for the application of the law of another state.

(b) GRANTOR HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY FEDERAL OR STATE COURT IN THE STATE OF NEW YORK IN ANY ACTION, SUIT OR PROCEEDING BROUGHT AGAINST IT AND RELATED TO OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY AND CONSENTS TO THE PLACING OF VENUE IN NEW YORK COUNTY OR OTHER COUNTY PERMITTED BY LAW. TO THE EXTENT PERMITTED BY APPLICABLE LAW, GRANTOR HEREBY WAIVES AND AGREES NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE, IN ANY SUCH SUIT, ACTION OR PROCEEDING ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURTS, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER, OR THAT THIS AGREEMENT OR INSTRUMENT REFERRED TO HEREIN MAY NOT BE LITIGATED IN OR BY SUCH COURTS. TO THE EXTENT PERMITTED BY APPLICABLE LAW, GRANTOR AGREES NOT TO SEEK AND HEREBY WAIVES THE RIGHT TO ANY REVIEW OF THE JUDGMENT OF ANY SUCH COURT BY ANY COURT OF ANY OTHER NATION OR JURISDICTION WHICH MAY BE CALLED UPON TO GRANT AN ENFORCEMENT OF SUCH JUDGMENT. EXCEPT AS PROHIBITED BY LAW, GRANTOR HEREBY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN

RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.02 of the Credit Agreement. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

21. Headings. Section headings used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

IN WITNESS WHEREOF, the undersigned party has executed this Agreement to be effective for all purposes as of the date above first written.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC., as Grantor

By _____
Name:
Title:

EXHIBIT A TO PLEDGE AND SECURITY AGREEMENT

This Exhibit A describes the Collateral granted by Grantor to Secured Party pursuant to the Pledge and Security Agreement dated as of April 12, 2005, with Hercules Technology Growth Capital, Inc., as Grantor ("Hercules") and Alcmene Funding, L.L.C., as Secured Party ("Alcmene") (as amended, supplemented or otherwise modified from time to time, the "Pledge and Security Agreement") in connection with the Credit Agreement dated as of April 12, 2005, by and among Hercules, the Lenders party thereto and Alcmene as a Lender and Administrative Agent (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms not otherwise defined herein shall have the meanings assigned thereto in the Credit Agreement. **"**UCC**"** means the Uniform Commercial Code as in effect in the State of New York as the UCC may be amended, supplemented or modified from time to time. Any reference to any agreement, instrument or document shall be construed as referring to such agreement, instrument or document, as amended, supplemented or modified from time to time. The Collateral shall be all of Grantor's right, title and interest, whether now existing or hereafter arising or acquired, in and to any and all of the following items of personal property of Grantor:

Accounts (as defined in the UCC).

Certificated Securities (as defined in the UCC); provided that to the extent that such Certificated Securities are shares of capital stock of, or other equity interest in, any SBIC Subsidiary, no capital stock of, or other equity interest in, such SBIC Subsidiary shall be included as Collateral pledged to Secured Party.

Chattel Paper (as defined in the UCC).

All of Grantor's rights (including rights as licensee and lessee) with respect to (A) computer and other electronic data processing units, memory units, display terminals, printers, computer elements, card readers, tape drives, hard and soft disk drives, cables, electrical supply hardware, generators, power equalizers, accessories, peripheral devices and other related computer hardware; (B) all Software (as defined in the UCC), and all software programs designed for use on the computers and electronic data processing hardware described in clause (A) above, including all operating system software, utilities and application programs in any form (source code and object code in magnetic tape, disk or hard copy format or any other listings whatsoever); (C) any firmware associated with any of the foregoing; and (D) any documentation for hardware, Software and firmware described in clauses (A), (B), and (C) above, including flow charts, logic diagrams, manuals, specifications, training materials, charts and pseudo codes (the "Computer Hardware and Software") and all rights with respect to the Computer Hardware and Software, including any and all licenses, options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications, and any substitutions, replacements, additions or model conversions of any of the foregoing.

Any right of the Grantor to payment under a contract for the sale or lease of goods or the rendering of services, which right is at the time not yet earned by performance.

Deposit Accounts (as defined in the UCC).

Documents (as defined in the UCC).

Equipment (as defined in the UCC).

Financial Assets (as defined in the UCC).

General Intangibles (as defined in the UCC), including Payment Intangibles (as defined in the UCC).

Goods (as defined in the UCC) (including all of its Equipment, Fixtures and Inventory, all as defined in the UCC), and all accessions, additions, attachments, improvements, substitutions and replacements thereto and therefor.

Instruments (as defined in the UCC).

All past, present and future: trade secrets, know-how and other proprietary information; trademarks, internet domain names, service marks, trade dress, trade names, business names, designs, logos, slogans (and all translations, adaptations, derivations and combinations of the foregoing) indicia and other source and/or business identifiers, and the goodwill of the business relating thereto and all registrations which have heretofore been or may hereafter be issued thereon throughout the world; copyrights (including copyrights for computer programs) and copyright registrations or applications for registrations which have heretofore been or may hereafter be issued throughout the world and all tangible property embodying the copyrights, unpatented inventions (whether or not patenable); patent applications and patents; industrial design applications and registered industrial designs; license agreements related to any of the foregoing and income therefrom; books, records, writings, computer tapes or disks, flow diagrams, specification sheets, computer software, source codes, object codes, executable code, data, databases and other physical manifestations, embodiments or incorporations of any of the foregoing; the right to sue for all past, present and future infringements of any of the foregoing; all other intellectual property; and all common law and other rights throughout the world in and to all of the foregoing.

Inventory (as defined in the UCC).

Investment Property (as defined in the UCC).

Money (of every jurisdiction whatsoever) (as defined in the UCC).

Letter-of-Credit Rights (as defined in the UCC).

Payment Intangibles (as defined in the UCC).

Security Entitlements (as defined in the UCC).

Software.

Uncertificated Securities (as defined in the UCC); provided that to the extent that such Uncertificated Securities are shares of capital stock of, or other equity interest in, any SBIC Subsidiary, no capital stock of, or other equity interest in, such SBIC Subsidiary shall be included as Collateral pledged to Secured Party.

Without limitation as to any of the foregoing, or any implication that the following is not included within the foregoing, Borrowing Loans and all collateral pledged to the Grantor in connection therewith, to the extent of Grantor's rights therein (including, without limitation, all books and records and promissory notes or other evidences of indebtedness existing or issued in

respect of the Borrowing Loans); "Borrowing Loan" means a loan that is owned directly or indirectly by the Grantor or its Subsidiaries and was either originated or purchased from third parties by the Grantor or its Subsidiaries in the ordinary course of the Grantor's business; provided, however, that "Borrowing Loan" shall not include any such loan originated or purchased by an SBIC Subsidiary (as defined in the Credit Agreement).

To the extent not included in the foregoing, all other personal property of any kind or description; together with all books, records, writings, data bases, information and other property relating to, used or useful in connection with, or evidencing, embodying, incorporating or referring to any of the foregoing, and all Proceeds (as defined in the UCC), products, offspring, rents, issues, profits and returns of and from any of the foregoing; provided that to the extent that the provision of any lease or license of Computer Hardware or Software or Intellectual Property expressly prohibit (which prohibition is enforceable under applicable law) any assignment thereof, and the grant of a security interest therein, Secured Party will not enforce its security interest in Grantor's rights under such lease or license (other than in respect of the Proceeds thereof) for so long as such prohibition continues, it being understood that upon the request of Secured Party, Grantor will in good faith use reasonable efforts to obtain consent for the creation of a security interest in favor of Secured Party (and to Secured Party's enforcement of such security interest) in such Secured Party's rights under such lease or license.

EXHIBIT B TO PLEDGE AND SECURITY AGREEMENT

SUPPLEMENT NO. _____ dated as of _____, 200_ (this "Supplement") to Pledge and Security Agreement dated as of April 12, 2005 (as amended, supplemented or modified from time to time, the "Pledge and Security Agreement") made by HERCULES TECHNOLOGY GROWTH CAPITAL, INC. (the "Grantor") in favor of ALCMENE FUNDING, L.L.C. (the "Secured Party").

As security for the Obligations (as defined in the Pledge and Security Agreement), Grantor hereby delivers, assigns, pledges, sets over and grants to Secured Party a first priority security interest in, subject only to Permitted Liens, as defined in the Pledge and Security Agreement) all of Grantor's right, title and interest, whether now existing or hereafter arising or acquired, in and to any and all items of personal property of Grantor described below together with all substitutions and replacements thereof and any products and proceeds thereof:

[describe collateral]

Exhibit A to the Pledge and Security Agreement executed by Grantor shall be deemed amended to include all of the foregoing items of personal property and such items shall be "Collateral" as defined in the Pledge and Security Agreement and subject to the terms of the Pledge and Security Agreement.

This Supplement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the undersigned parties have executed this Supplement to be effective for all purposes as of the date above first written.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC., as Grantor

By _____
Name:
Title:

Exhibit H

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

Common Stock

Underwriting Agreement

JMP Securities LLC,
As representative of the several Underwriters
named in Schedule I hereto,
600 Montgomery Street, Suite 1100,
San Francisco, California 94111-2713

Ladies and Gentlemen:

Hercules Technology Growth Capital, Inc., a Maryland corporation (the **"Company"**), proposes, subject to the terms and conditions stated herein, to issue and sell to the Underwriters named in Schedule I hereto (the **"Underwriters"**) an aggregate of _____ shares (the **"Firm Shares"**) and, at the election of the Underwriters, up to _____ additional shares (the **"Optional Shares"**) of Common Stock, par value $0.001 per share (the **"Stock"**) of the Company (the Firm Shares and the Optional Shares that the Underwriters elect to purchase pursuant to Section 2 hereof being collectively called the **"Shares"**).

The Company hereby acknowledges that in connection with the proposed offering of the Shares, it has requested JMP Securities LLC to administer a directed share program (the "Directed Share Program") under which up to _____ Firm Shares of the Firm Shares to be purchased by the Underwriters (the "Reserved Shares"), shall be reserved for sale by JMP Securities LLC at the initial public offering price to the Company's officers, directors, employees and certain other parties related to the Company as designated by the Company (collectively, the "Directed Share Participants") as part of the distribution of the Shares by the Underwriters, subject to the terms of this Agreement, the applicable rules, regulations and interpretations of the NASD and all other applicable laws, rules and regulations. The number of Shares available for sale to the general public will be reduced to the extent that Directed Share Participants purchase Reserved Shares. The Underwriters may offer any Reserved Shares not purchased by Directed Share Participants to the general public on the same basis as the other Shares being issued and sold hereunder. The Company has supplied JMP Securities LLC with names, addresses and telephone numbers of the individuals or other entities which the Company has designated to be participants in the Directed Share Program. It is understood that any number of those designated to participate in the Directed Share Program may decline to do so.

1. The Company represents and warrants to, and agrees with, each of the Underwriters that:

(a) A registration statement on Form N-2 (File No. 333-122950) (the **"Initial Registration Statement"**) in respect of the Shares has been filed with the Securities and Exchange Commission (the **"Commission"**); the Initial Registration Statement and any post-effective amendment thereto, each in the form heretofore delivered to each of JMP Securities LLC (the **"Representative"**), and, excluding exhibits thereto, to the Representative for each of the other Underwriters, have been declared effective by the Commission in such form; other than a registration statement, if any, increasing the size of the offering (a **"Rule 462(b) Registration Statement"**), filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the **"Act"**), which became effective upon filing, no other document with respect to the Initial Registration Statement has heretofore been filed with the Commission; and no stop order suspending the effectiveness of the Initial Registration Statement, any post-effective amendment thereto or the Rule 462(b) Registration Statement, if any, has been issued and no proceeding for that purpose has been initiated or, to the Company's knowledge, threatened by the Commission (any preliminary prospectus included in the Initial Registration Statement or filed with the Commission pursuant to Rule 497(a) of the rules and regulations of the Commission under the Act is hereinafter called a **"Preliminary Prospectus"**; the various parts of the Initial Registration Statement and the Rule 462(b) Registration Statement, if any, including all exhibits thereto and including the information contained in the form of final prospectus filed with the Commission pursuant to Rule 497(h) under the Act in accordance with Section 5(a) hereof and deemed by virtue of Rule 430A under the Act to be part of the Initial Registration Statement at the time it was declared effective, each as amended at the time such part of the Initial Registration Statement became effective or such part of the Rule 462(b) Registration Statement, if any, became or hereafter becomes effective, are hereinafter collectively called the **"Registration Statement"**; and such final prospectus, in the form first filed pursuant to Rule 497(h) under the Act, is hereinafter called the **"Prospectus"**;

(b) No order preventing or suspending the use of any Preliminary Prospectus has been issued by the Commission, and each Preliminary Prospectus, at the time of filing thereof, conformed in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder, and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by an Underwriter through the Representative expressly for use therein;

(c) The Registration Statement conforms, and the Prospectus and any further amendments or supplements to the Registration Statement or the Prospectus will conform, in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder and do not and will not, as of the applicable effective date as to the Registration Statement and any amendment thereto, and as of the applicable filing date as to the Prospectus and any amendment or supplement thereto, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by an Underwriter through the Representative expressly for use therein;

(d) There are no agreements, contracts, indentures, leases or other instruments that are required to be discussed in the Registration Statement or the Prospectus, or to be filed as an exhibit thereto, which are not described or filed as required by the Act;

(e) The Company has the authorized capitalization as set forth in the Prospectus; all of the issued and outstanding shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable and free of preemptive rights or other similar rights arising by operation of law, under the articles of incorporation or bylaws of the Company, or under any agreement to which the Company is a party; and all of the issued shares of capital stock of each subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and (except for directors' qualifying shares) are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims. Except as disclosed in the Prospectus and as contemplated by this Agreement or the Prospectus, there are no outstanding (i) securities or obligations of the Company convertible into or exchangeable for any capital stock of the Company, (ii) warrants, rights or options to subscribe for or purchase from the Company any such capital stock or any such convertible or exchangeable securities or obligations, or (iii) obligations of the Company to issue any shares of capital stock, any such convertible or exchangeable securities or obligation, or any such warrants, rights or options;

(f) The Company (i) is duly organized and validly existing under the laws of the state of its organization, with full power and authority to own its properties and conduct its business as described in the Prospectus, and (ii) has full power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby; and each subsidiary of the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation; and each subsidiary of the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation;

(g) Except as set forth on Schedule 1(g), the Company and each of its subsidiaries is duly qualified or licensed by, and is in good standing in, each jurisdiction in which it conducts its business or in which it owns or leases real property or maintains an office and in which such qualification or licensing is necessary, except to the extent that the failure, individually or in the aggregate, to be so qualified or licensed is not reasonably likely to result in a material adverse effect on the operations, business, prospects, condition (financial or otherwise), results of operations or property of the Company and its subsidiaries, taken as a whole (a **"Material Adverse Effect"**);

(h) the Company has no real property, and has good title to all personal property represented to be owned by it, in each case free and clear of all liens, security interests, pledges, charges, encumbrances, mortgages and defects, except such as are disclosed in the Prospectus or such as do not materially and adversely affect the value of such property and do not interfere with the use made or proposed to be made of such property by the Company; any real property and buildings or material personal property held under lease by the Company are held under valid, existing and enforceable leases, with such exceptions as are disclosed in the Prospectus or are not, individually or in the aggregate, material to the Company and do not interfere with the use made or proposed to be made of such property and buildings or material personal property by the Company;

(i) The Company, subject to the Registration Statement having been declared effective and the filing of the Prospectus, has taken all required action under the Act to make the public offering and consummate the sale of the Shares as contemplated by this Agreement;

(j) The Company and each of its subsidiaries owns or possesses such licenses or other rights to use all material trademarks, service marks, trade names, copyrights, software licenses, and trade secrets (collectively **"Intangibles"**), presently employed by it in connection with the operation of the business now operated by the Company or its subsidiaries, as the case may be, and neither the Company nor any of its subsidiaries has received written notice of any infringement of or conflict with (and the Company,

does not know of any such infringement of or conflict with) asserted rights of others with respect to any Intangibles which is reasonably likely to result in a Material Adverse Effect;

(k) Neither the Company nor any of its subsidiaries is in violation, nor have they received notice of any violation with respect to, any material environmental, safety or similar law applicable to the business of the Company or its subsidiaries, as the case may be; the Company and each of its subsidiaries has received all material permits, licenses or other approvals required of it under applicable federal and state occupational safety and health and environmental laws and regulations to conduct their business, and the Company and each of its subsidiaries is in compliance with all terms and conditions of any such permit, license or approval, except for any such violation of law or regulation, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals which is not reasonably likely to result in a Material Adverse Effect;

(l) Neither the Company nor any of its subsidiaries is in material violation of nor have they received notice of any material violation with respect to any federal or state law relating to discrimination in the hiring, promotion or pay of employees, nor any applicable federal or state wages and hours law, except for such violations which are not reasonably likely to result in a Material Adverse Effect;

(m) The Company and each of its subsidiaries is in compliance in all respects with all presently applicable provisions of the Employee Retirement Income Security Act of 1974, as amended, including the regulations and published interpretations thereunder (**"ERISA"**), except where the failure to so comply would not reasonably be expected to result in a Material Adverse Effect. Each "employee benefit plan" (as defined in Section 3(3) of ERISA) is in compliance in all respects with all presently applicable provisions of the Code, except where the failure to so comply would not reasonably be expected to result in a Material Adverse Effect. The Company and each of its subsidiaries (A) has never established, maintained, or contributed to a "defined benefit plan" as defined in Section 3(35) of ERISA, (B) does not have any obligations for health benefits or life insurance benefits for any employee after termination of employment, except as required by Section 4980B of the Code, or (C) has not incurred liability under Title IV of ERISA with respect to termination of, or withdrawal from, any "employee benefit plan" (as defined in Section 3(3) of ERISA) or Sections 412, 4971, 4975 or 4980B of the Code, except in each case as would not reasonably be expected to result in a Material Adverse Effect. Each "employee benefit plan" for which the Company or its subsidiaries would have any liability that is intended to be qualified under Section 401(a) of the Code is so qualified and nothing has occurred, whether by action or by failure to act, which would reasonably be expected to cause the loss of such qualification;

(n) Except as set forth on Schedule 1(n), the Company and each of its subsidiaries have all necessary licenses, authorizations, consents and approvals and has made all necessary filings required under any federal, state or local law, regulation or rule, and have obtained all necessary licenses, authorizations, consents and approvals from other persons, required in order to conduct their business as described under the heading "Business" in the Prospectus, except to the extent that any failure to have any such licenses, authorizations, consents or approvals, to make any such filings or to obtain any such authorizations, consents or approvals is not, alone or in the aggregate, reasonably likely to result in a Material Adverse Effect; neither the Company nor any of its subsidiaries is in violation of, or in default under, any such license, authorization, consent or approval of any federal, state, local or foreign law, regulation or rule or any decree, order or judgment applicable to the Company, the effect of which is reasonably likely to result in a Material Adverse Effect; and neither the Company nor any of its subsidiaries has received any notification or communication from any agency or department of federal, state, or local government or any regulatory authority or the staff thereof threatening to revoke any license, authorization, consent or approval or requiring the Company or its subsidiaries, as the case may

be, to enter into or consent to the issuance of a cease and desist order, injunction formal agreement, directive, commitment, or memorandum of understanding, or to adopt any board resolution or similar undertaking, which would be reasonably likely to result in a Material Adverse Effect;

(o) The execution, delivery and performance by the Company of this Agreement, the issuance and sale of the Shares, the compliance with all of the provisions of this Agreement and consummation of the transactions contemplated hereby do not and will not cause a breach of, or default under (nor has any event occurred which with notice, lapse of time, or both would constitute a breach of, or default under), its articles of incorporation or bylaws, any applicable law, statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties (including the Investment Company Act of 1940, as amended (the **"Investment Company Act"**) and the rules and regulations promulgated thereunder), or in the performance or observance of any obligation, agreement, covenant or condition contained in any license, indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which they or their properties are bound or affected except for such breaches or defaults which are not reasonably likely to result in a Material Adverse Effect;

(p) There are no actions, suits or proceedings pending or, to the knowledge of the Company, threatened against the Company or any of its subsidiaries or any of their respective properties, at law or in equity, or before or by any federal, state, local or foreign governmental or regulatory commission, board, body, authority or agency which is reasonably likely to result in a judgment, decree or order having a Material Adverse Effect;

(q) Except as set forth in the Prospectus, neither the Company nor any of its subsidiaries has sustained since the latest date of audited financial statements included in the Prospectus any Material Adverse Effect or any development that would reasonably be expected to have such an effect, whether or not arising in the ordinary course of business; and, except as set forth in the Prospectus, since the latest date of the audited financial statements included in the Prospectus there has not been, (i) any dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock, except for such as relates to the exercise and/or cancellation of the Company's one-year and five-year warrants in the manner contemplated in the Prospectus; (ii) any purchase by the Company of any of its outstanding capital stock or (iii) any change in the capital stock (except as may result from the exercise of any currently outstanding convertible securities, long-term debt or, outside of the ordinary course of business, short-term debt of the Company or any of its subsidiaries;

(r) The Shares to be issued and sold by the Company to the Underwriters hereunder have been duly and validly authorized by the Company and, when issued by the Company and delivered against payment therefor as contemplated by this Agreement, will be duly and validly issued, fully paid and non-assessable. Except as disclosed in the Prospectus, the issuance and sale of the Shares are not subject to preemptive or other similar rights arising by operation of law, under the articles of incorporation or bylaws of the Company, under any agreement to which the Company is a party or otherwise;

(s) This Agreement has been duly authorized, executed and delivered by the Company.

(t) The Shares, the articles of incorporation (including any articles supplementary) of the Company and the bylaws of the Company, conform in all material respects to the description thereof contained in the Prospectus;

(u) No approval, authorization, consent or order of or filing with any federal, state, local or foreign governmental or regulatory commission, board, body, court, arbitrator, authority or agency is required in connection with the Company's execution, delivery and performance of this Agreement, its consummation of the transactions contemplated hereby, and its issuance, sale and delivery of the Shares other than (A) registration of the Shares under the Act, (B) such as have been obtained or made, or will have been obtained or made at such Time of Delivery, and (C) any necessary or advisable qualification (which the Underwriters shall request) under the securities or blue sky laws of the various jurisdictions in which the Shares are being offered by Underwriters;

(v) The Company has elected to be regulated as a "business development company" under the Investment Company Act, and has not withdrawn such election, and the Commission has not ordered that such election be withdrawn nor to the Company's knowledge have proceedings to effectuate such withdrawal been initiated or threatened by the Commission;

(w) The Company's current business operations and investments are in compliance in all material respects with the provisions of the Investment Company Act and the rules and regulations promulgated thereunder applicable to business development companies;

(x) Except as disclosed in the Prospectus, no director of the Company is an "interested person" (as defined in the 1940 Act) of the Company;

(y) The provisions of the corporate charter and by-laws of the Company and the investment objective, policies and restrictions described in the Prospectus are not inconsistent with the requirements of the Investment Company Act and the rules and regulations promulgated thereunder applicable to a business development company, and the provisions of the organizational documents of each of the subsidiaries and the operations of each of the subsidiaries allow the Company to be in compliance in all material respects with the requirements of the Investment Company Act and the rules and regulations promulgated thereunder applicable to a business development company;

(z) Except as set forth in the Prospectus, there are no persons with registration or other similar rights to have any securities registered by the Company under the Act;

(aa) Except with respect to matters regarding the qualification of the Shares under the state securities or blue sky laws of the various jurisdictions in which the Shares are being offered by the Underwriters, the Company has not relied upon the Underwriters or their legal counsel for any legal, tax or accounting advice in connection with the offering and sale of the Shares;

(bb) The Company has not authorized anyone to make any representations regarding the offer and sale of the Shares, or regarding the Company in connection therewith, except as set forth in the Prospectus;

(cc) Except as disclosed in the Registration Statement, the Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences;

(dd) Ernst & Young LLP, the independent auditors of the Company and its subsidiaries are independent public accountants within the meaning of Rule 101 of the American Institute of Certified Public Accountants' Code of Professional Conduct and its interpretation and rulings;

(ee) The statements set forth in the Prospectus under the caption "Description of Capital Stock", insofar as they purport to constitute a summary of the terms of the Stock, and under the captions "Certain United States Federal Income Tax Considerations" and "Regulation", insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate, complete and fair;

(ff) The Company has filed on a timely basis all necessary federal, state, local and foreign income and franchise tax returns required to be filed through the date hereof and has paid all taxes shown as due thereon (except where the failure so to file or pay, individually or in the aggregate, is not reasonably likely to result in a Material Adverse Effect); and no tax deficiency has been asserted against the Company, nor to the Company's knowledge is there any basis for the assertion of any tax deficiency which if determined adversely to the Company, is reasonably likely to result in a Material Adverse Effect;

(gg) The Company and its subsidiaries maintain insurance (issued by insurers of recognized financial responsibility) of the types and in the amounts deemed reasonable and adequate for their business, including, but not limited to, insurance covering real and personal property owned or leased by them against theft, damage, destruction, acts of vandalism and all other risks customarily insured against, all of which insurance is in full force and effect;

(hh) Except as disclosed in the Prospectus under the caption "Certain Relationships and Related Transactions," the Company has not entered into any transaction with any person which would be required to be disclosed under Item 404 of the Commission's Regulation S-K if the Company were required to make filings with the Commission;

(ii) Except as otherwise disclosed in the Prospectus, as of the date thereof no extension of credit has been made by the Company to an executive officer or director of the Company;

(jj) Except with respect to the Representative or as disclosed in the Prospectus, the Company has not incurred any liability for any finder's fees or similar payments in connection with the issuance and sale of the Shares;

(kk) The financial statements of the Company and its subsidiaries, together with the related notes, set forth in the Registration Statement and the Prospectus fairly present in all material respects the financial condition of the Company and its subsidiaries as of the dates indicated and the results of operations and changes in cash flows for the periods therein specified in conformity with generally accepted accounting principles consistently applied throughout all periods; the supporting financial statement schedules included in the Registration Statement present fairly in all material respects the information required to be stated therein; and no other financial statements or financial statement schedules are required to be included in the Registration Statement or Prospectus; the Company and its subsidiaries do not have any material liabilities or obligations, direct or contingent (including any off-balance sheet obligations), not disclosed in the Registration Statement and the Prospectus; and any information in the audited financial statements and interim unaudited financial statements included in the Registration Statement and the Prospectus that is not in compliance with generally accepted accounting principles has been reconciled with information that is in compliance with generally accepted accounting principles pursuant to the requirements of Regulation G under the Securities Exchange Act of 1934 (the **"Exchange Act"**);

(ll) Except as disclosed in the Registration Statement, the Company has established and maintains disclosure controls and procedures (as such term is defined in Rule 13a-15 and 15d-15 under the Exchange Act); such disclosure controls and procedures are designed to ensure that material information relating to the Company, including its subsidiaries, is made known to the Company's Chief Executive Officer and its Principal Financial Officer by others within those entities, and such disclosure controls and procedures are effective in timely alerting them of material information relating to the Company that is required to be disclosed in the Company's filings under the Exchange Act; the Company's auditors and the Audit Committee of the Board of Directors have been advised of: (i) any significant deficiencies and material weakness in the design or operation of internal control over financial reporting which could adversely affect the Company's ability to record, process, summarize, and report financial data; and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting; and

(mm) Neither the Company nor any of its subsidiaries nor, to the Company's knowledge, any employee of the Company has used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity, made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds, violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, as amended, made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment, or received or retained any funds in violation of any law, rule or regulation.

2. On the basis of the representations, warranties and covenants herein contained, and subject to the terms and conditions herein set forth, (a) the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a purchase price per share of $_____, the number of Firm Shares set forth opposite the name of such Underwriter in Schedule I hereto, and (b) in the event and to the extent that the Underwriters shall exercise the election to purchase Optional Shares as provided below, the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at the purchase price per share set forth in clause (a) of this Section 2, that portion of the number of Optional Shares as to which such election shall have been exercised (to be adjusted by the Underwriters so as to eliminate fractional shares) determined by multiplying such number of Optional Shares by a fraction, the numerator of which is the maximum number of Optional Shares which such Underwriter is entitled to purchase as set forth opposite the name of such Underwriter in Schedule I hereto and the denominator of which is the maximum number of Optional Shares that all of the Underwriters are entitled to purchase hereunder.

The Company hereby grants to the Underwriters the right to purchase at their election up to_____ Optional Shares, at the purchase price per share set forth in the paragraph above, for the sole purpose of covering sales of shares in excess of the number of Firm Shares. Any such election to purchase Optional Shares may be exercised only by written notice from the Representative on behalf of the Underwriters to the Company, given within a period of 45 calendar days after the date of this Agreement, setting forth the aggregate number of Optional Shares to be purchased and the date on which such Optional Shares are to be delivered, as determined by the Underwriters but in no event earlier than the First Time of Delivery (as defined in Section 4 hereof) or, unless the Representative and the Company otherwise agree in writing, earlier than two or later than ten business days after the date of such notice.

3. Upon the authorization by the Representative on behalf of the Underwriters of the release of the Firm Shares, the several Underwriters propose to offer the Firm Shares for sale upon the terms and conditions set forth in the Prospectus.

4. (a) The Shares to be purchased by each Underwriter hereunder, in definitive form, and in such authorized denominations and registered in such names as the Representative may request upon at least forty-eight hours' prior notice to the Company shall be delivered by or on behalf of the Company to the Representative through the facilities of the Depository Trust Company (**"DTC"**), for the account of such Underwriter, against payment by or on behalf of such Underwriter of the purchase price therefor by wire transfer of Federal (same-day) funds to the account specified by the Company to the Representative at least forty-eight hours in advance. The Company will cause any certificates representing the Shares to be made available for checking and packaging at least twenty-four hours prior to the Time of Delivery (as defined below) with respect thereto at the office of DTC or its designated custodian (the **"Designated Office"**). The time and date of such delivery and payment shall be, with respect to the Firm Shares, 9:30 a.m., New York City time, on _____, 2005 or such other time and date as the Representative and the Company may agree upon in writing, and, with respect to the Optional Shares, 9:30 a.m., New York time, on the date specified by the Representative in the written notice given by the Representative of the Underwriters' election to purchase such Optional Shares, or such other time and date as the Representatives and the Company may agree upon in writing. Such time and date for delivery of the Firm Shares is herein called the **"First Time of Delivery"**, such time and date for delivery of the Optional Shares, if not the First Time of Delivery, is herein called the**"Second Time of Delivery"**, and each such time and date for delivery is herein called a**"Time of Delivery"**.

(b) The documents to be delivered at each Time of Delivery by or on behalf of the parties hereto pursuant to Section 7 hereof, including the cross receipt for the Shares and any additional documents requested by the Underwriters pursuant to Section 7(l) hereof, will be delivered at the offices of Sutherland Asbill & Brennan LLP, 1114 Avenue of the Americas, 40th Floor, New York, New York 10036 (the **"Closing Location"**), and the Shares will be delivered at the Designated Office, all at such Time of Delivery. A meeting will be held at the Closing Location at _____p.m., New York City time, on the New York Business Day next preceding such Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto. For the purposes of this Section 4, **"New York Business Day"** shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York are generally authorized or obligated by law or executive order to close.

5. The Company agrees with each of the Underwriters:

(a) To prepare the Prospectus in a form approved by the Representative and to file such Prospectus pursuant to Rule 497(h) under the Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement, or, if applicable, such earlier time as may be required by Rule 430A(a)(3) under the Act; to make no further amendment or any supplement to the Registration Statement or Prospectus which shall be disapproved by the Representative promptly after reasonable notice thereof (unless in the reasonable determination of the Company such amendment or supplement is required by applicable law); to advise the Representative, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any supplement to the Prospectus or any amended Prospectus has been filed and to furnish the Representative with copies thereof; to advise the Representative, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or prospectus, of the suspension of the qualification of the Shares for offering or sale in any jurisdiction if the Company receives notice thereof,

of the initiation or threatening of any proceeding for any such purpose if the Company receives notice thereof, or of any request by the Commission for the amending or supplementing of the Registration Statement or Prospectus or for additional information; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or prospectus or suspending any such qualification, promptly to use its best efforts to obtain the withdrawal of such order;

(b) Promptly from time to time to take such action as the Underwriters may reasonably request to qualify the Shares for offering and sale under the securities laws of such jurisdictions as the Underwriters may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Shares; provided, that in connection therewith the Company shall not be required to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject;

(c) Prior to 10:00 A.M., New York City time, on the New York Business Day next succeeding the date of this Agreement and from time to time, to furnish the Underwriters with written and electronic copies of the Prospectus in New York City in such quantities as the Underwriters may reasonably request, and, if the delivery of a prospectus is required at any time prior to the expiration of nine months after the time of issue of the Prospectus in connection with the offering or sale of the Shares and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus is delivered, not misleading, or, if for any other reason it shall be necessary during such period to amend or supplement the Prospectus in order to comply with the Act, to notify the Representative and upon an Underwriter's request to prepare and furnish without charge to each Underwriter and to any dealer in securities as many written and electronic copies as the Underwriters may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance, and in case any Underwriter is required to deliver a prospectus in connection with sales of any of the Shares at any time nine months or more after the time of issue of the Prospectus, upon its request but at the expense of such Underwriter, to prepare and deliver to such Underwriter as many written and electronic copies as the Underwriters may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Act. Upon notice from the Company to the Representative of the need under applicable law for any amendment or supplement to the Registration Statement or the Prospectus, the Underwriters shall cease using the Prospectus until it is so amended or supplemented;

(d) To make generally available to its stockholders as soon as practicable, but in any event not later than eighteen months after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act), an earnings statement of the Company and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations thereunder (including, at the option of the Company, Rule 158);

(e) During the period beginning from the date hereof and continuing to and including the date 180 days after the date of the Prospectus, without the prior written consent of the Representative, from (i) offering, pledging, selling, contracting to sell, selling any option or contract to purchase, purchasing any option or contract to sell, granting any option for the sale of, or otherwise disposing of or transferring, directly or indirectly, any share of Stock or any securities convertible into or exercisable or exchangeable for Stock, or filing any registration statement under the Act with respect to any of the foregoing other than in connection with a stock purchase, asset purchase, merger, consolidation, or other

business combination, or (ii) entering into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Stock, whether any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of Stock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (A) the Shares to be sold hereunder, (B) any shares of Stock issued by the Company upon the exercise of an option outstanding on the date hereof and referred to in the Prospectus, (C) any issuances of options or grants of restricted stock under the Company's option plans and stock incentive plans as are described in the Prospectus; (D) the registration and sale of securities pursuant to that certain Registration Rights Agreement dated as of June 22, 2004 by and between the Company and JMP Securities LLC or (E) any shares of Stock issued pursuant to the Company's dividend reinvestment plan. Notwithstanding the foregoing, if (i) during the last 17 days of the lock-up period provided for in this Section 5(e), the Company issues an earnings release or material news or a material event relating to the Company occurs or (ii) prior to the expiration of the lock-up period provided for in this Section 5(e), the Company announces that it will release earnings results during the 16-day period beginning on the last day of the lock-up period, the foregoing restrictions shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

(f) To furnish to its stockholders as soon as practicable after the end of each fiscal year an annual report (including a balance sheet and statements of income, stockholders' equity and cash flows of the Company and its consolidated subsidiaries certified by independent public accountants) and, as soon as practicable after the end of each of the first three quarters of each fiscal year (beginning with the fiscal quarter ending after the effective date of the Registration Statement), to make available (including through the Commission's EDGAR database) to its stockholders consolidated summary financial information of the Company and its subsidiaries for such quarter in reasonable detail;

(g) During a period of two years from the effective date of the Registration Statement, to furnish to the Underwriters (including through the Commission's EDGAR database) copies of all reports or other communications (financial or other) furnished to stockholders, and to deliver to the Underwriters (i) as soon as they are available, copies of any reports and financial statements furnished to or filed with the Commission or any national securities exchange on which any class of securities of the Company is listed; and (ii) such additional information concerning the business and financial condition of the Company as the Underwriters may from time to time reasonably request (such financial statements to be on a consolidated basis to the extent the accounts of the Company and its subsidiaries are consolidated in reports furnished to its stockholders generally or to the Commission);

(h) To use the net proceeds received by it from the sale of the Shares pursuant to this Agreement in the manner specified in the Prospectus under the caption "Use of Proceeds";

(i) To use its best efforts to list for quotation the Shares on the National Association of Securities Dealers Automated Quotations National Market System **("NASDAQ")**;

(j) To file with the Commission such information on Form 10-Q or Form 10-K as may be required by Rule 463 under the Act;

(k) If the Company elects to rely upon Rule 462(b), the Company shall file a Rule 462(b) Registration Statement with the Commission in compliance with Rule 462(b) by 10:00 P.M., Washington, D.C. time, on the date of this Agreement, and the Company shall at the time of filing either pay to the Commission the filing fee for the Rule 462(b) Registration Statement or give irrevocable instructions for the payment of such fee pursuant to Rule 111(b) under the Act;

(l) To use its best efforts to qualify to be treated as a "regulated investment company" under Subchapter M of the Internal Revenue Code on or prior to January 1, 2006 provided that, at the discretion of the Company's board of directors, it may elect not to be so treated;

(m) Upon request of any Underwriter, to furnish, or cause to be furnished, to such Underwriter an electronic version of the Company's trademarks, service marks and corporate logo for use on the website, if any, operated by such Underwriter for the purpose of facilitating the on-line offering of the Shares (the **"License"**); provided, however, that the License shall be used solely for the purpose described above, is granted without any fee and may not be assigned or transferred;

6. The Company covenants and agrees with the several Underwriters that the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the Shares under the Act and all other expenses incurred by the Company in connection with the preparation, printing and filing of the Registration Statement, any Preliminary Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any Agreement among Underwriters, this Agreement, the Blue Sky Memorandum, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Shares; (iii) all expenses in connection with the qualification of the Shares for offering and sale under state securities laws as provided in Section 5(b) hereof, including the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky survey (iv) all fees and expenses in connection with listing the Shares on NASDAQ; (v) the filing fees incident to, and the fees and disbursements of counsel for the Underwriters in connection with, securing any required review by the National Association of Securities Dealers, Inc. of the terms of the sale of the Shares; (vi) the cost of preparing stock certificates; (vii) the cost and charges of any transfer agent or registrar; and (viii) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section. It is understood, however, that, except as provided in this Section, and Sections 8 and 11 hereof, the Underwriters will pay all of their own costs and expenses, including the fees of their counsel, stock transfer taxes on resale of any of the Shares by them, and any advertising expenses connected with any offers they may make.

7. The obligations of the Underwriters hereunder, as to the Shares to be delivered at each Time of Delivery, shall be subject, in their discretion, to the condition that all representations and warranties and other statements of the Company herein are, at and as of such Time of Delivery, true and correct, the condition that the Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus shall have been filed with the Commission pursuant to Rule 497(h) within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 5(a) hereof; if the Company has elected to rely upon Rule 462(b), the Rule 462(b) Registration Statement shall have become effective by 10:00 P.M., Washington, D.C. time, on the date of this Agreement; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to the Representative's reasonable satisfaction;

(b) Sutherland Asbill & Brennan LLC, counsel for the Underwriters, shall have furnished to the Representative such written opinion or opinions, dated such Time of Delivery, and such counsel shall

have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(c) Ropes & Gray LLP, counsel for the Company, shall have furnished to the Representative their written opinion, dated such Time of Delivery, in form and substance satisfactory to the Representative, to the effect set forth in Annex I-A hereto and their negative assurance letter, dated such Time of Delivery, in form and substance satisfactory to the Representative to the effect set forth in Annex I-B hereto;

(d) Venable LLP, special Maryland counsel for the Company, shall have furnished to the Representative their written opinion, dated such Time of Delivery, in form and substance satisfactory to the Representative, to the effect set forth in Annex II hereto;

(e) On the date of the Prospectus at a time prior to the execution of this Agreement, at 9:30 a.m., New York City time, on the effective date of any post-effective amendment to the Registration Statement filed subsequent to the date of this Agreement and also at each Time of Delivery, Ernst & Young LLP shall have furnished to the Representative a letter or letters, dated the respective dates of delivery thereof, in form and substance satisfactory to the Representative, to the effect set forth in Annex III hereto;

(f) (i) Neither the Company nor any of its subsidiaries shall have sustained since the date of the latest audited financial statements included in the Prospectus any Material Adverse Effect, and (ii) since the respective dates as of which information is given in the Prospectus there shall not have been any change in the capital stock or long-term debt of the Company or any of its subsidiaries or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, financial position, stockholders' equity or results of operations of the Company or any of its subsidiaries taken as a whole, otherwise than as set forth or contemplated in the Prospectus, the effect of which, in any such case described in clause (i) or (ii), is in the judgment of the Representative so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Prospectus;

(g) On or after the date hereof there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange or on NASDAQ; (ii) a suspension or material limitation in trading in the Company's securities on NASDAQ; (iii) a general moratorium on commercial banking activities declared by either Federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war; or (v) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (iv) or (v) in the judgment of the Representative makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Prospectus;

(h) The Shares to be sold at such Time of Delivery shall have been duly listed for quotation on NASDAQ;

(i) The Company shall have obtained and delivered to the Underwriters executed copies of an agreement from the persons identified in Annex IV hereto, substantially to the effect set forth in Annex ___ hereof in form and substance satisfactory to the Representative;

(j) The Company shall have complied with the provisions of Section 5(c) hereof with respect to the furnishing of prospectuses on the New York Business Day next succeeding the date of this Agreement; and

(k) The Company shall have furnished to the Representative a certificate, signed by the Chairman of the Board or the President and the principal financial or accounting officer of the Company dated the Closing Date, to the effect that the signers of such certificate have carefully examined the Registration Statement, the Prospectus, any supplements to the Prospectus and this Agreement and that:

i. The representations and warranties of the Company in this Agreement are true and correct on and as of the Closing Date with the same effect as if made on the Closing Date and the Company has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Date;

ii. No stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or, to the Company's knowledge, threatened; and

iii. Since the date of the most recent financial statements included in the Prospectus (exclusive of any supplement thereto) and since the date of the Prospectus, there has been no Material Adverse Effect, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Prospectus (exclusive of any supplement thereto).

8. (a) The Company agrees to indemnify, defend and hold harmless (i) each Underwriter, (ii) each person, if any, who controls any of the Underwriters within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act, and (iii) the respective officers, directors, and employees of any person referred to in clauses (i) and (ii), (any person referred to in clause (i), (ii), and (iii) may hereinafter be referred to as an **"Underwriter Indemnitee"**), to the fullest extent that is lawful, from and against any and all losses, claims, damages, judgments, actions, out-of-pocket expenses and other liabilities (the **"Liabilities"**), including, without limitation and as incurred, reimbursement of all reasonable costs of investigating, preparing, pursuing or defending any claim or action, or any proceeding by any governmental agency or body, commenced or threatened, including the reasonable fees and expenses of counsel to any Underwriter Indemnitee, joint or several, directly or indirectly related to, based upon, arising out of or in connection with any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Prospectus, the Registration Statement or the Prospectus, or any amendment or supplement thereto, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, the Company shall not be liable in any such case insofar as such Liabilities arise out of or are based upon (x) any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information relating to any Underwriter Indemnitee furnished to the Company by any Underwriter in writing expressly for use therein or (y) any untrue statement or alleged untrue statement contained in or omission or alleged omission in the Preliminary Prospectus if a copy of the Prospectus was not sent or given to the person asserting any such Liabilities at or prior to the written confirmation of the sale of the Shares, and the

untrue statement or alleged untrue statement contained in or omission or alleged omission in the Preliminary Prospectus was corrected in the Prospectus or in an amendment or supplement to the Prospectus unless the failure to deliver the Prospectus was a result of noncompliance of the Company with its obligations under this Agreement. The Company shall notify an Underwriter Indemnitee promptly of the institution, threat or assertion of any claim, proceeding (including any governmental investigation), or litigation of which it shall have become aware in connection with the matters addressed by this Agreement which involves the Company or such Underwriter Indemnitee. The indemnity provided for herein shall remain in full force and effect regardless of any investigation made by or on behalf of any Underwriter Indemnitee.

(b) The Company agrees to indemnify, defend and hold harmless the Underwriter Indemnitees to the fullest extent that is lawful, from and against any Liabilities insofar as such Liability (x) arises out of or is based upon any untrue statement or alleged untrue statement of a material fact or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material prepared by or with the consent of the Company for distribution to Directed Share Participants in connection with the Directed Share Program or (y) caused by the failure of any Directed Share Participant to pay for and accept delivery of Reserved Shares that the Directed Share Participant has agreed to purchase or (z) otherwise arises out if or is based upon the Directed Share Program, provided that, subject to applicable provisions of the Investment Company Act, the Company shall not be liable for any loss, damage, expense, liability or claim that is finally judicially determined to have resulted from the willful misfeasance, bad faith or gross negligence of JMP Securities LLC in conducting the Directed Share Program.

(c) Each Underwriter agrees to indemnify, defend and hold harmless (i) the Company, (ii) each person who controls the Company within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act, and (iii) the respective officers, directors and employees of any person referred to in clauses (i) and (ii) to the same extent as the foregoing indemnity from the Company to each Underwriter Indemnitee, but only with respect to Liabilities which arise out of or are based upon untrue statements or omissions of material fact or alleged untrue statements or omissions of material fact made in reliance upon and in conformity with information relating to an Underwriter Indemnitee furnished to the Company by any Underwriter in writing expressly for use in the Preliminary Prospectus, the Registration Statement or the Prospectus, or any amendment or supplement thereto.

(d) If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any person in respect of which indemnity may be sought pursuant to paragraph (a) or (b) above, such person (the **"Indemnified Party"**), shall promptly notify the person against whom such indemnity may be sought (the **"Indemnifying Party"**), in writing of the commencement thereof (but the failure to so notify an Indemnifying Party shall not relieve it from any liability which it may have under this Section 8, except to the extent the Indemnifying Party is materially prejudiced by the failure to give notice), and the Indemnifying Party, upon request of the Indemnified Party, shall retain counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party and any others the Indemnifying Party may reasonably designate in such proceeding and shall pay the reasonable fees and expenses actually incurred by such counsel related to such proceeding as they are incurred. Notwithstanding the foregoing, in any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of the Indemnified Party, unless (i) the Indemnifying Party and the Indemnified Party shall have mutually agreed in writing to the contrary, (ii) the Indemnifying Party failed within a reasonable period of time after notice of commencement of the action to assume the defense and employ counsel reasonably satisfactory to the Indemnified Party, (iii) the Indemnifying Party and its counsel do not actively and

vigorously pursue the defense of such action or (iv) the named parties to any such action (including any impleaded parties), include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been reasonably advised by counsel that, either (x) there may be one or more legal defenses available to it which are different from or additional to those available to the Indemnifying Party or (y) a conflict may exist between such Indemnified Party and the Indemnifying Party, in which case the Indemnifying Party shall not have the right to assume nor direct the defense of such action on behalf of such Indemnified Party, it being understood, however, that the Indemnifying Party shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys (in addition to any necessary local counsel), for all such Indemnified Parties, which firm shall be designated, in the case of Underwriter Indemnitees, in writing by those Indemnified Parties and any such separate firm for the Company, the directors, the officers and such control persons of the Company as shall be designated in writing by the Company. The Indemnifying Parties shall pay the reasonable fees and expenses of such separate counsel as they are incurred. The Indemnifying Party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final, non-appealable judgment for the plaintiff, the Indemnifying Party agrees to indemnify any Indemnified Party from and against any loss or liability by reason of such settlement or judgment. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such proceeding.

(e) If the indemnification provided for in paragraphs (a) and (b) of this Section 8 is for any reason held to be unavailable to an Indemnified Party in respect of any Liabilities referred to therein (other than by reason of the exceptions provided therein) or is insufficient to hold harmless a party indemnified thereunder, then each Indemnifying Party under such paragraphs, in lieu of indemnifying such Indemnified Party thereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Liabilities (i) in such proportion as is appropriate to reflect the relative benefits of the Indemnified Party(ies) on the one hand and the Indemnifying Party(ies) on the other in connection with the statements or omissions that resulted in such Liabilities, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Indemnifying Party(ies) and the Indemnified Party(ies), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other hand shall be deemed to be in the same proportion as the total proceeds from the offering (net of discounts and commissions but before deducting expenses) received by the Company bear to the total discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault of the Company on the one hand and of the Underwriters on the other shall be determined by reference to, among other things, whether the untrue statement or alleged untrue statement of a material fact or omission or alleged omission relates to information supplied by the Company on the one hand or by the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of any Liabilities referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any claim or action.

(f) The parties agree that it would not be just and equitable if contribution pursuant to this Section 8 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable

considerations referred to in paragraph 8(d) above. Notwithstanding the provisions of this Section 8, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares purchased by it and distributed to the public were initially offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. For purposes of this Section 8, each person, if any, who controls (within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act) any Underwriter shall have the same rights to contribution as such Underwriter, and each person, if any, who controls (within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act) the Company, and each officer, director, employee, representative, agent or manager of the Company shall have the same rights to contribution as the Company. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties, notify each party or parties from whom contribution may be sought, but the omission to so notify such party or parties shall not relieve that party or parties from whom contribution may be sought from any obligation it or they may have under this Section 8 or otherwise, except to the extent any party is materially prejudiced by the failure to give such notice. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act), shall be entitled to contribution from any person who was not guilty of fraudulent misrepresentation. The Underwriters' obligations in Section 8(d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(g) The remedies provided for in this Section 8 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

(h) The Company and each Underwriter agree promptly to notify the others of the commencement of any litigation or proceeding against it and, in the case of the Company, against any of the Company's officers and directors, in connection with the sale and delivery of the Shares, or in connection with the Preliminary Prospectus, the Registration Statement or the Prospectus, or any amendment or supplement thereto.

9. (a) If any Underwriter shall default in its obligation to purchase the Shares which it has agreed to purchase hereunder at a Time of Delivery, the Representative may in their discretion arrange for it or another party or other parties to purchase such Shares on the terms contained herein. If within thirty-six hours after such default by any Underwriter the Representative do not arrange for the purchase of such Shares, then the Company shall be entitled to a further period of thirty-six hours within which to procure another party or other parties reasonably satisfactory to the Representative to purchase such Shares on such terms. In the event that, within the respective prescribed periods, the Representative notify the Company that it has so arranged for the purchase of such Shares, or the Company notifies the Representative that it has so arranged for the purchase of such Shares, the Representative or the Company shall have the right to postpone such Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or supplement to the Prospectus, or in any other documents or arrangements, and the Company agrees to file promptly any amendments to the Registration Statement or the Prospectus which in the opinion of the Representative may thereby be made necessary. The term **"Underwriter"** as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement with respect to such Shares.

(b) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the Representative and the Company as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased does not exceed one-eleventh of the aggregate number of all the Shares to be purchased at such Time of Delivery, then the Company shall

have the right to require each non-defaulting Underwriter to purchase the number of Shares which such Underwriter agreed to purchase hereunder at such Time of Delivery and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the number of Shares which such Underwriter agreed to purchase hereunder) of the Shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the Representative and the Company as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased exceeds one-eleventh of the aggregate number of all the Shares to be purchased at such Time of Delivery, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Shares of a defaulting Underwriter or Underwriters, then this Agreement (or, with respect to the Second Time of Delivery, the obligations of the Underwriters to purchase and of the Company to sell the Optional Shares) shall thereupon terminate, without liability on the part of any non-defaulting Underwriter or the Company, except for the expenses to be borne by the Company and the Underwriters as provided in Section 6 hereof and the indemnity and contribution agreements in Section 8 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

10. The respective indemnities, agreements, representations, warranties and other statements of the Company and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, or the Company, or any officer or director or controlling person of the Company, and shall survive delivery of and payment for the Shares.

11. If this Agreement shall be terminated pursuant to Section 9 hereof, the Company shall not then be under any liability to any Underwriter except as provided in Sections 6 and 8 hereof; but, if for any other reason, any Shares are not delivered by or on behalf of the Company as provided herein, the Company will reimburse the Underwriters through the Representative for all out-of-pocket expenses approved in writing by the Representative, including fees and disbursements of counsel, reasonably incurred by the Underwriters in making preparations for the purchase, sale and delivery of the Shares not so delivered, but the Company shall then be under no further liability to any Underwriter except as provided in Sections 6 and 8 hereof.

12. In all dealings hereunder, the Representative shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by the Representative.

All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to:

JMP Securities LLC
600 Montgomery Street, Suite 1100
San Francisco, California 94111-2713
Attention: [_____]

and if to the Company shall be delivered or sent by mail to the address of the Company set forth in the Registration Statement, Attention: Secretary; provided, however, that any notice to an Underwriter pursuant to Section 8(c) hereof shall be delivered or sent by mail, telex or facsimile transmission to such Underwriter at its address set forth in its Underwriters' Questionnaire, or telex constituting such Questionnaire, which address will be supplied to the Company by the Representative upon request. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

13. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Company and, to the extent provided in Sections 8 and 10 hereof, the officers and directors of the Company and each person who controls the Company or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Shares from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

14. Time shall be of the essence of this Agreement. As used herein, the term "business day" shall mean any day when the Commission's office in Washington, D.C. is open for business.

15. This Agreement, the legal relations between and among the Parties and the adjudication and the enforcement thereof shall be governed by and interpreted and construed in accordance with the laws of the State of New York applicable to contracts formed and to be performed entirely within the State of New York, without regard to the conflicts of law provisions thereof to the extent such principles or rules would require or permit the application of the laws of another jurisdiction.

16. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

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If the foregoing is in accordance with the understanding of the Representative, please sign and return to us one original for each of the Company and the representative, plus one for each counsel, counterparts hereof, and upon the acceptance hereof by the Representative, on behalf of each of the Underwriters, this letter and such acceptance hereof shall constitute a binding agreement between each of the Underwriters and the Company. It is understood that the Representative's acceptance of this letter on behalf of each of the Underwriters is pursuant to the authority set forth in a form of Agreement among Underwriters, the form of which shall be submitted to the Company for examination upon request, but without warranty on the Representative's part as to the authority of the signers thereof.

Very truly yours,

HERCULES TECHNOLOGY GROWTH
CAPITAL, INC.

By: _____
Name:
Title:

Accepted as of the date hereof:

JMP SECURITIES LLC

By: _____
JMP Securities LLC

On behalf of each of the Underwriters

SCHEDULE I

Underwriter	Total Number of Firm Shares to be Purchased	Number of Optional Shares to be Purchased if Maximum Option Exercised
JMP Securities LLC		
Ferris, Baker Watts Incorporated		
Total		

Exhibit A

Status in Foreign Jurisdictions

Entity	Jurisdiction	Status

ANNEX III

Pursuant to Section 7(e) of the Underwriting Agreement, the accountants shall furnish letters to the Underwriters to the effect that:

Persons Subject to Section 7(i)

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.
2004 EQUITY INCENTIVE PLAN
(2005 AMENDMENT AND RESTATEMENT)

1. PURPOSE.

(a) General Purpose. The Plan has been established to advance the interests of the Company by providing for the grant of Awards to Participants.

(b) Available Awards. The purpose of the Plan is to provide a means by which eligible recipients of Awards may be given an opportunity to benefit from increases in the value of the Company's Stock through the granting of Incentive Stock Options, Nonstatutory Stock Options and Warrants.

(c) Eligible Participants. All key Employees and all Directors of the Company and its Affiliates are eligible to be granted Awards by the Board under the Plan; provided, however, that grants of Awards to Non-Employee Directors must be approved by order of the Securities and Exchange Commission as provided by Section 61(a)(3)(B)(i)(II) of the 1940 Act.

2. DEFINITIONS.

(a) "**1940 Act**" means the Investment Company Act of 1940, as amended.

(b) "**Affiliate**" means any parent corporation or subsidiary corporation of the Company, whether now or hereafter existing.

(c) "**Award**" means an award of Options or Warrants granted pursuant to the Plan.

(d) "**Board**" means the Board of Directors of the Company.

(e) "**Code**" means the Internal Revenue Code of 1986, as amended.

(f) "**Committee**" means a committee of two or more members of the Board appointed by the Board in accordance with Section 3(c).

(g) "**Company**" means Hercules Technology Growth Capital, Inc., a Maryland corporation.

(h) "**Continuous Service**" means the Participant's uninterrupted service with the Company or an Affiliate, whether as an Employee or Director.

(i) "**Covered Transaction**" means any of (i) a consolidation, merger, stock sale or similar transaction or series of related transactions in which the Company is not the surviving corporation or which results in the acquisition of all or substantially all of the Company's then outstanding common stock by a single person or entity or by a group of persons and/or entities acting in concert, (ii) a sale or transfer of all or substantially all the Company's assets, (iii) a dissolution or liquidation of the Company or (iv) following such time as the Company has a class of equity securities listed on a national securities exchange or quoted on an inter-dealer quotation

system, a change in the membership of the Board for any reason such that the individuals who, as of the date this plan is adopted by the Board (the "Effective Date"), constitute the Board of Directors of the Company (the "Continuing Directors") cease for any reason to constitute at least a majority of the Board (a "Board Change"); provided, however, that any individual becoming a director after the Effective Date whose election or nomination for election by the Company's shareholders was approved by a vote of at least a majority of the Continuing Directors will be considered as though such individual were a Continuing Director, but excluding for this purpose any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Securities Exchange Act of 1934) or other actual or threatened solicitation of proxies or consents by or on behalf of any person or entity other than the Board. Where a Covered Transaction involves a tender offer that is reasonably expected to be followed by a merger described in clause (i) (as determined by the Board), the Covered Transaction shall be deemed to have occurred upon consummation of the tender offer.

(j) "**Director**" means a member of the Board of Directors of the Company.

(k) "**Dividend Equivalent Rights**" has the meaning set forth in Section 10.

(l) "**Employee**" means any person employed by the Company or an Affiliate.

(m) **"Family Member"** means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Participant's household (other than a tenant or employee), a trust in which these persons have more than fifty percent of the beneficial interest, a foundation in which these persons (or the Participant) control the management of assets, and any other entity in which these persons (or the Participant) own more than fifty percent of the voting interests.

(n) "**Incentive Stock Option**" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(o) "**Non-Employee Director"** means a Director who is not a current Employee of the Company.

(p) "**Nonstatutory Stock Option**" means an Option that is not an Incentive Stock Option.

(q) "**Option**" means an Incentive Stock Option or a Nonstatutory Stock Option granted pursuant to the Plan.

(r) "**Participant**" means a person to whom an Award is granted pursuant to the Plan.

(s) **"Permitted Transferee"** means a Family Member of a Participant to whom a Nonstatutory Stock Option has been transferred by gift.

(t) "**Plan**" means this 2004 Equity Incentive Plan, as from time to time amended and in effect.

(u) "**Securities Act**" means the Securities Act of 1933, as amended.

(v) "**Stock**" means the common stock of the Company, par value $.001 per share.

(w) "**Warrant**" means a warrant to purchase Stock of the Company granted pursuant to the Plan and having such terms and conditions as the Board shall deem appropriate.

3. ADMINISTRATION.

(a) Administration By Board. The Board shall administer the Plan unless and until it delegates administration to a Committee, as provided in Section 3(c).

(b) Powers of Board. The Board shall have the power, subject to the express provisions of the Plan and applicable law:

(i) To determine from time to time which of the persons eligible under the Plan shall be granted Awards; when and how each Award shall be granted and documented; what type or combination of types of Awards shall be granted; the provisions of each Award granted, including the time or times when a person shall be permitted to exercise an Award; and the number of shares of Stock with respect to which an Award shall be granted to each such person.

(ii) To construe and interpret the Plan and Awards granted under it, including Dividend Equivalent Rights, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Award documentation, in such manner and to such extent as it shall deem necessary or expedient to make the Plan fully effective.

(iii) To amend the Plan or an Award as provided in Section 11.

(iv) To terminate or suspend the Plan as provided in Section 12.

(v) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan.

(c) Delegation to Committee. The Board may delegate administration of the Plan to a Committee or Committees of two (2) or more members of the Board, and the term "Committee" shall apply to any persons to whom such authority has been delegated. If administration is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board, including the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board, other than the Board reference at the end of this sentence and the Board references in the last sentence of this subsection (c), shall thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the

provisions of the Plan, as may be adopted from time to time by the Board. The Board may abolish the Committee at any time and revest in the Board the administration of the Plan.

(d) Effect of Board's Decision. Determinations, interpretations and constructions made by the Board in good faith shall not be subject to review by any person and shall be final, binding and conclusive on all persons.

4. SHARES SUBJECT TO THE PLAN; CERTAIN LIMITS.

(a) Share Reserve. The maximum aggregate number of shares of Stock that may be issued under the Plan pursuant to the exercise of Awards (and in the case of Warrants, exercise or exchange of Warrants) is five million (5,000,000) shares.

(b) Reversion of Shares to the Share Reserve. If any Award shall for any reason expire or otherwise terminate, in whole or in part, without having been exercised in full, the shares of Stock not acquired under such Award shall revert to and again become available for issuance under the Plan. To the extent any Warrants are exchanged at any time for shares of Stock pursuant to the terms of the certificates governing such Warrants, that number of shares equal to the difference between the number of shares for which such Warrants were exercisable immediately prior to such exchange and the number of shares of Stock for which such Warrants are, in fact, exchanged shall revert to and again become available for issuance under the Plan.

(c) Source of Shares. The shares of Stock subject to the Plan may be unissued shares or reacquired shares bought on the market or otherwise.

(d) Limits on Individual Grants; Limits on Grants to Non-Employee Directors The maximum number of shares of Stock for which any Employee may be granted Awards in any calendar year is four million (4,000,000) shares. The maximum number of shares of Stock in the aggregate that may be issued to Non-Employee Directors under the Plan pursuant to the exercise of Awards is 1,000,000 or such other maximum number as is approved by the Securities and Exchange Commission.

(e) No Grants in Contravention of 1940 Act. No Award may be granted under the Plan if the grant of such Award would cause the Company to violate Section 61(a)(3) of the 1940 Act, and, if otherwise approved for grant, shall be void and of no effect.

5. ELIGIBILITY.

Incentive Stock Options may be granted only to Employees of the Company or a "parent" or "subsidiary" corporation of the Company as those terms are used in Section 424 of the Code. Awards other than Incentive Stock Options may be granted to both Employees and Directors; provided, however, that grants of Awards to Non-Employee Directors must be approved by order of the Securities and Exchange Commission as provided by Section 61(a)(3)(B)(i)(II) of the 1940 Act.

6. OPTION PROVISIONS.

Each Option shall contain such terms and conditions as the Board shall deem appropriate. All Options shall be separately designated Incentive Stock Options or Nonstatutory Stock

Options at the time of grant, and, if certificates are issued, a separate certificate or certificates shall be issued for shares of Stock purchased on exercise of each type of Option. The provisions of separate Options need not be identical, but, to the extent relevant, each Option shall include (through incorporation by reference or otherwise) the substance of each of the following provisions:

(a) Term. No Option shall be exercisable after the expiration of ten (10) years from the date on which it was granted.

(b) Exercise Price of an Option. The exercise price of each Option shall be not less than one hundred percent (100%) of the fair market value of the stock subject to the Option on the date the Option is granted.

(c) Consideration. The purchase price for Stock acquired pursuant to an Option shall be paid in full at the time of exercise either (i) in cash, (ii) by delivery to the Company of previously acquired shares of Stock, (iii) through a broker-assisted exercise program acceptable to the Board, (iv) by such other means of payment as may be acceptable to the Board, or (v) in any combination of the foregoing permitted forms of payment. Unless otherwise specifically provided by the Board, any shares of Stock tendered in payment of the exercise price under (ii) above, if acquired directly or indirectly from the Company, shall have been held for six (6) months or longer.

(d) Transferability of an Incentive Stock Option. An Incentive Stock Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Participant only by the Participant.

(e) Transferability of a Nonstatutory Stock Option. A Nonstatutory Stock Option shall be transferable by will or by the laws of descent and distribution, or, to the extent provided by the Board, by gift to a Permitted Transferee, and a Nonstatutory Stock Option that is nontransferable except at death shall be exercisable during the lifetime of the Participant only by the Participant.

(f) Exercisability. The Board shall determine the time or times at which, and the terms and conditions under which, each Option may become exercisable and the period during which the Option, once exercisable, shall remain exercisable.

(g) Termination of Continuous Service. Unless the Board expressly provides otherwise, immediately upon the cessation of a Participant's Continuous Service that portion, if any, of any Option held by the Participant or the Participant's Permitted Transferee that is not then exercisable will terminate and the balance will remain exercisable for the lesser of (i) a period of three months or (ii) the period ending on the latest date on which such Option could have been exercised without regard to this Section 6(g), and will thereupon terminate subject to the following provisions (which shall apply unless the Board expressly provides otherwise):

(i) if a Participant's Continuous Service ceases by reason of death, or if a Participant dies following the cessation of his or her Continuous Service but while any portion of any Option then held by the Participant or the Participant's Permitted Transferee is still exercisable, the then exercisable portion, if any, of all Options held by the Participant or the Participant's Permitted Transferee immediately prior to the

Participant's death will remain exercisable for the lesser of (A) the one year period ending with the first anniversary of the Participant's death or (B) the period ending on the latest date on which such Option could have been exercised without regard to this Section 6(g)(i), and will thereupon terminate; and

(ii) if the Board in its sole discretion determines that the cessation of a Participant's Continuous Service resulted for reasons that cast such discredit on the Participant as to justify immediate termination of his or her Options, all Options then held by the Participant or the Participant's Permitted Transferee will immediately terminate.

7. WARRANT PROVISIONS.

Warrants granted prior to January 28, 2005 shall be governed by the applicable terms of the Plan as then in effect.

8. MISCELLANEOUS.

(a) Acceleration. The Board shall have the power to accelerate the time at which an Award or any portion thereof may first be exercised, regardless of the tax or other consequences to the Participant or the Participant's Permitted Transferee resulting from such acceleration.

(b) Stockholder Rights. No Participant or other person shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Stock subject to an Award unless and until such Award has been delivered to the Participant or other person upon exercise of the Award (or, in the case of Warrants, upon exercise or exchange of the Warrant).

(c) No Employment or Other Service Rights. Nothing in the Plan or any instrument executed or Award granted pursuant thereto shall confer upon any Participant any right to continue in the employment of, or to continue to serve as a director of, the Company or an Affiliate or shall affect the right of the Company or an Affiliate to terminate (i) the employment of the Participant (if the Participant is an Employee) with or without notice and with or without cause or (ii) the service of a Director (if the Participant is a Director) pursuant to the Bylaws of the Company or an Affiliate and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated.

(d) Legal Conditions on Delivery of Stock. The Company will not be obligated to deliver any shares of Stock pursuant to the Plan or to remove any restriction from shares of Stock previously delivered under the Plan until: (i) the Company is satisfied that all legal matters in connection with the issuance and delivery of such shares have been addressed and resolved; (ii) if the outstanding Stock is at the time of delivery listed on any stock exchange or national market system, the shares to be delivered have been listed or authorized to be listed on such exchange or system upon official notice of issuance; and (iii) all conditions of the Award have been satisfied or waived. If the sale of Stock has not been registered under the Securities Act, the Company may require, as a condition to exercise of the Award (or, in the case of Warrants, as a condition to exercise or exchange of the Warrant), such representations or agreements as counsel for the Company may consider appropriate to avoid violation of the Securities Act. The Company may require that certificates evidencing Stock issued under the Plan bear an appropriate legend

reflecting any restriction on transfer applicable to such Stock, and the Company may hold the certificates pending lapse of the applicable restrictions.

(e) Withholding Obligations. Each exercise of an Award granted hereunder (or, in the case of Warrants, exercise or exchange of a Warrant) shall be subject to the Participant's having made arrangements satisfactory to the Board for the full and timely satisfaction of all federal, state, local and other tax withholding requirements applicable to such exercise or exchange. Without limiting the generality of the foregoing, the Participant may satisfy such withholding requirements by tendering a check (acceptable to the Board) for the full amount of such withholding or, if the Board so permits, by any of the following means or by a combination of such means: (i) authorizing the Company to withhold shares of Stock from the shares of Stock otherwise issuable to the Participant as a result of the exercise or exchange or acquisition of Stock under the Award; or (ii) delivering to the Company owned and unencumbered shares of Stock; provided, however, that no shares of Stock may be withheld or tendered with a value exceeding the minimum amount of tax required to be withheld by law (or such lesser amount as may be necessary to avoid variable award accounting). In the event the Company or an Affiliate becomes liable for tax withholding with respect to an Award prior to the date of exercise (or, in the case of Warrants, exercise or exchange), the Company may require the Participant to remit the required tax withholding by separate check acceptable to the Company or may make such other arrangements (including withholding from other payments to the Participant) for the satisfaction of such withholding as it determines.

9. ADJUSTMENTS UPON CHANGES IN STOCK.

(a) Capitalization Adjustments. In the event of a stock dividend, stock split or combination of shares (including a reverse stock split), recapitalization or other change in the Company's capital structure, the Board will make appropriate adjustments to the maximum number of shares specified in Section 4(a) that may be delivered under the Plan, to the maximum per-participant share limit described in Section 4(d) and to the maximum number of shares specified in Section 4(d) that may be issued to Non-Employee Directors pursuant to Awards, and will also make appropriate adjustments to the number and kind of shares of stock or securities subject to Awards then outstanding or subsequently granted, any exercise prices relating to Awards and any other provision of Awards affected by such change. To the extent consistent with qualification of Incentive Stock Options under Section 422 of the Code and with the performance-based compensation rules of Section 162(m), where applicable, the Board may also make adjustments of the type described in the preceding sentence to take into account distributions to stockholders other than those provided for in such sentence, or any other event, if the Board determines that adjustments are appropriate to avoid distortion in the operation of the Plan and to preserve the value of Awards granted hereunder.

(b) Covered Transaction. Except as otherwise provided in an Award, in the event of a Covered Transaction in which there is an acquiring or surviving entity, the Board may provide for the assumption of some or all outstanding Awards, or for the grant of new awards in substitution therefor, by the acquiror or survivor or an affiliate of the acquiror or survivor, in each case on such terms and subject to such conditions as the Board determines. In the absence of such an assumption or if there is no substitution, except as otherwise provided in the Award, each Award will become fully exercisable prior to the Covered Transaction on a basis that gives

the holder of the Award a reasonable opportunity, as determined by the Board, to participate as a stockholder in the Covered Transaction following exercise, and the Award will terminate upon consummation of the Covered Transaction.

10. DIVIDEND EQUIVALENT RIGHTS.

The Board may provide for the payment of amounts in lieu of cash dividends or other cash distributions ("Dividend Equivalent Rights") with respect to Stock subject to an Award; provided, however, that grants of Dividend Equivalent Rights must be approved by order of the Securities and Exchange Commission. The Board may impose such terms, restrictions and conditions on Dividend Equivalent Rights, including the date such rights will terminate, as it deems appropriate, and may terminate, amend or suspend such Dividend Equivalent Rights at any time without the consent of the Participant or Participants to whom such Dividend Equivalent Rights have been granted, if any.

11. AMENDMENT OF THE PLAN AND Awards.

The Board may at any time or times amend the Plan or any outstanding Award for any purpose which may at the time be permitted by law, and may at any time terminate the Plan as to any future grants of Awards; *provided*, that except as otherwise expressly provided in the Plan the Board may not, without the Participant's consent, alter the terms of an Award so as to affect adversely the Participant's rights under the Award, unless the Board expressly reserved the right to do so at the time of the grant of the Award.

12. TERMINATION OR SUSPENSION OF THE PLAN.

(a) Plan Term. The Board may suspend or terminate the Plan at any time. Unless sooner terminated, the Plan shall terminate on the day before the tenth (10th) anniversary of the date the Plan is initially adopted by the Board or approved by the stockholders of the Company, whichever is earlier. No Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) No Impairment of Rights. Suspension or termination of the Plan shall not impair rights and obligations under any Awards granted while the Plan is in effect except with the written consent of the Participant.

13. EFFECTIVE DATE OF PLAN.

The Plan shall become effective as determined by the Board, but no Award shall be exercised unless and until the Plan has been approved by the stockholders of the Company, which approval shall be within twelve (12) months before or after the date the Plan is adopted by the Board.

14. 1940 ACT.

No provision of this Plan shall contravene any portion of the 1940 Act, and in the event of any conflict between the provisions of the Plan or any Award and the 1940 Act, the applicable section of the 1940 Act shall control and all Awards under the Plan shall be so modified. All

Participants holding such modified Awards shall be notified of the change to their Awards and such change shall be binding on such Participants.

15. SEVERABILITY.

If any provision of this Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Participant or Award, or would disqualify this Plan or any Award under any applicable law, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Board, materially altering the intent of this Plan or the Award, such provision shall be stricken as to such jurisdiction, Participant or Award and the remainder of this Plan and any such Award shall remain in full force and effect.

Exhibit i.2

Incentive Stock Option Granted Under
Hercules Technology Growth Capital, Inc. 2004 Equity Incentive Plan

1. Grant of Option.

This certificate evidences an incentive stock option (this "Stock Option") granted by Hercules Technology Growth Capital, Inc., a Maryland corporation (the "Company"), on_____, 20__ to [_____], an employee of the Company or its subsidiaries (the "Participant"), pursuant to the Company's 2004 Equity Incentive Plan (as from time to time in effect, the "Plan"). Under this Stock Option, the Participant may purchase, in whole or in part, on the terms herein provided, a total of [_____] shares of common stock of the Company (the "Shares") at the greater of $_____ per Share or the per Share fair market value on the date of grant, the Company's acceptance of $_____ per Share as payment of the such purchase price being conclusive evidence that the Company has determined that such purchase price per Share is not less than the fair market value per Share on the date of grant. The latest date on which this Stock Option, or any part hereof, may be exercised is [ ] (the "Final Exercise Date"). The Stock Option evidenced by this certificate is intended to be an incentive stock option as defined in section 422 of the Internal Revenue Code of 1986, as amended from time to time.

2. Exercisability and Termination.

This Stock Option is exercisable [in whole or in part/in the following cumulative installments] at any time on or prior to the Final Exercise Date[: [_____] Shares on and after [_____, 20__]; an additional [_____] Shares on and after [_____, 20__] */etc./*], subject to the following:

Immediately upon the cessation of the Participant's Continuous Service that portion, if any, of this Stock Option which is not then exercisable will terminate and the balance will remain exercisable for the lesser of (i) a period of three months or (ii) the Final Exercise Date, and will thereupon terminate subject to the following provisions (which shall apply unless the Board expressly provides otherwise):

(1) if the Participant's Continuous Service ceases by reason of death, or if the Participant dies following the cessation of his or her Continuous Service but while any portion of this Stock Option is still exercisable, the then exercisable portion, if any, of this Stock Option will remain exercisable for the lesser of (A) the one year period ending with the first anniversary of the Participant's death or (B) the Final Exercise Date, and will thereupon terminate; and

(2) if the Board in its sole discretion determines that the cessation of a Participant's Continuous Service resulted for reasons that cast such discredit on the Participant as to justify immediate termination of this Stock Option, this Stock Option will immediately terminate.

In no event shall any portion of this Stock Option be exercisable after the Final Exercise Date.

3. Exercise of Stock Option.

Each election to exercise this Stock Option shall be in writing, signed by the Participant (or legally appointed representative in the event of the Participant's incapacity) or the Participant's executor, administrator or the person or persons to whom this Stock Option is transferred by will or the applicable laws of descent and distribution (collectively, the "Option Holder"), and received by the Company at its principal office, accompanied by this certificate and payment in full as provided in the Plan. Subject to the further terms and conditions provided in the Plan, the purchase price may be paid as follows: (i) by delivery of cash or check acceptable to the Board; (ii) by delivery to the Company of previously acquired shares of Stock (which, unless otherwise specifically provided by the Board, shall have been held for six (6) months or longer if acquired directly or indirectly from the Company); (iii) by such other means of payment as may be acceptable to the Board; or (iv) through any combination of the foregoing. In the event that this Stock Option is exercised by an Option Holder other than the Participant, the Company will be under no obligation to deliver Shares hereunder unless and until it is satisfied as to the authority of the Option Holder to exercise this Stock Option.

4. Notice of Disposition.

The person exercising this Stock Option shall notify the Company when making any disposition of the Shares acquired upon exercise of this Stock Option, whether by sale, gift or otherwise.

5. Restrictions on Transfer of Shares.

If at the time this Stock Option is exercised the Company or any of its stockholders is a party to any agreement restricting the transfer of any outstanding shares of the Company's common stock, the Board may provide that this Stock Option may be exercised only if the Shares so acquired are made subject to the transfer restrictions set forth in that agreement (or if more than one such agreement is then in effect, the agreement or agreements specified by the Board).

6. Withholding.

If at the time this Stock Option is exercised the Company determines that under applicable law and regulations it could be liable for the withholding of any federal or state tax upon exercise or with respect to a disposition of any Shares acquired upon exercise of this Stock Option, this Stock Option may not be exercised unless the person exercising this Stock Option remits to the Company any amounts determined by the Company to be required to be withheld upon exercise (or makes other arrangements satisfactory to the Company for the payment of such taxes).

7. Nontransferability of Stock Option.

This Stock Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Participant only by the Participant (or in the event of the Participant's incapacity, the person or persons legally appointed to act on the Participant's behalf).

8. Provisions of the Plan.

This Stock Option is subject to the provisions of the Plan, which are incorporated herein by reference. A copy of the Plan as in effect on the date of the grant of this Stock Option has been furnished to the Participant. By exercising all or any part of this Stock Option, the Participant agrees to be bound by the terms of the Plan and this certificate. All initially capitalized terms used herein will have the meaning specified in the Plan, unless another meaning is specified herein.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have executed this certificate as of the _____ day of _____, 20__.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

By: _____
Name:
Title:

PARTICIPANT

_____
Name:
Address:

Exhibit i.3

Nonstatutory Stock Option Granted Under
Hercules Technology Growth Capital, Inc. 2004 Equity Incentive Plan

1. Grant of Option.

This certificate evidences a nonstatutory stock option (this "Stock Option") granted by Hercules Technology Growth Capital, Inc., a Maryland corporation (the "Company"), on _____, 20__ to [_____] (the "Participant") pursuant to the Company's 2004 Equity Incentive Plan (as from time to time in effect, the "Plan"). Under this Stock Option, the Participant may purchase, in whole or in part, on the terms herein provided, a total of [_____] shares of common stock of the Company (the "Shares") at $[_____] per Share. The latest date on which this Stock Option, or any part hereof, may be exercised is [ ] (the "Final Exercise Date"). The Stock Option evidenced by this certificate is intended to be, and is hereby designated, a nonstatutory option, that is, an option that does *not* qualify as an incentive stock option as defined in section 422 of the Internal Revenue Code of 1986, as amended from time to time.

2. Exercisability and Termination.

This Stock Option is exercisable [in whole or in part/in the following cumulative installments] at any time on or prior to the Final Exercise Date[: [_____] Shares on and after [_____, 20__]; an additional [_____] Shares on and after [_____, 20__] */etc./*], subject to the following:

Immediately upon the cessation of the Participant's Continuous Service that portion, if any, of this Stock Option held by the Participant or the Participant's Permitted Transferee which is not then exercisable will terminate and the balance will remain exercisable for the lesser of (i) a period of three months or (ii) the Final Exercise Date, and will thereupon terminate subject to the following provisions (which shall apply unless the Board expressly provides otherwise):

(1) if the Participant's Continuous Service ceases by reason of death, or if the Participant dies following the cessation of his or her Continuous Service but while any portion of this Stock Option then held by the Participant or the Participant's Permitted Transferee is still exercisable, the then exercisable portion, if any, of this Stock Option held by the Participant or the Participant's Permitted Transferee immediately prior to the Participant's death will remain exercisable for the lesser of (A) the one year period ending with the first anniversary of the Participant's death or (B) the Final Exercise Date, and will thereupon terminate; and

(2) if the Board in its sole discretion determines that the cessation of the Participant's Continuous Service resulted for reasons that cast such discredit on the Participant as to justify immediate termination of this Stock Option, this Stock Option held by the Participant or the Participant's Permitted Transferee will immediately terminate.

In no event shall any portion of this Stock Option be exercisable after the Final Exercise Date.

3. Exercise of Stock Option.

Each election to exercise this Stock Option shall be in writing, signed by the Participant (or legally appointed representative in the event of the Participant's incapacity) or the Participant's executor, administrator, the Participant's Permitted Transferee or the person or persons to whom this Stock Option is transferred by will or the applicable laws of descent and distribution (collectively, the "Option Holder"), and received by the Company at its principal office, accompanied by this certificate and payment in full as provided in the Plan. Subject to the further terms and conditions provided in the Plan, the purchase price may be paid as follows: (i) by delivery of cash or check acceptable to the Board; (ii) by delivery to the Company of previously acquired shares of Stock (which, unless otherwise specifically provided by the Board, shall have been held for six (6) months or longer if acquired directly or indirectly from the Company); (iii) by such other means of payment as may be acceptable to the Board; or (iv) through any combination of the foregoing. In the event that this Stock Option is exercised by an Option Holder other than the Participant, the Company will be under no obligation to deliver Shares hereunder unless and until it is satisfied as to the authority of the Option Holder to exercise this Stock Option.

4. Restrictions on Transfer of Shares.

If at the time this Stock Option is exercised the Company or any of its stockholders is a party to any agreement restricting the transfer of any outstanding shares of the Company's common stock, the Board may provide that this Stock Option may be exercised only if the Shares so acquired are made subject to the transfer restrictions set forth in that agreement (or if more than one such agreement is then in effect, the agreement or agreements specified by the Board).

5. Withholding.

If at the time this Stock Option is exercised the Company determines that under applicable law and regulations it could be liable for the withholding of any federal or state tax upon exercise or with respect to a disposition of any Shares acquired upon exercise of this Stock Option, this Stock Option may not be exercised unless the person exercising this Stock Option remits to the Company any amounts determined by the Company to be required to be withheld upon exercise (or makes other arrangements satisfactory to the Company for the payment of such taxes).

6. Nontransferability of Stock Option.

This Stock Option shall be transferable by will or by the laws of descent and distribution, or, to the extent provided by the Board, by gift to a Permitted Transferee, and to the extent it is nontransferable except at death, it shall be exercisable during the lifetime of the Participant only by the Participant (or in the event of the Participant's incapacity, the person or persons legally appointed to act on the Participant's behalf).

7. Provisions of the Plan.

This Stock Option is subject to the provisions of the Plan, which are incorporated herein by reference. A copy of the Plan as in effect on the date of the grant of this Stock Option has been furnished to the Participant. By exercising all or any part of this Stock Option, the Participant agrees to be bound by the terms of the Plan and this certificate. All initially capitalized terms used herein will have the meaning specified in the Plan, unless another meaning is specified herein.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have executed this certificate as of the _____ day of _____, 20__.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

By: _____
Name:
Title:

PARTICIPANT

_____
Name:
Address:

Exhibit j

CUSTODIAN AGREEMENT
(FOREIGN AND DOMESTIC SECURITIES)

This Custodian Agreement is made by and between Hercules Technology Growth Capital, Inc. ("Principal") and UNION BANK OF CALIFORNIA, N.A. ("Custodian"). Principal desires that Custodian hold and administer on behalf of Principal certain Securities (as herein defined). Custodian is willing to do so on the terms and conditions set forth in this Agreement. Accordingly, Principal and Custodian agree as follows:

1. Definitions. Certain terms used in this Agreement are defined as follows:

1.1 "Account" means, collectively, each account maintained by Custodian pursuant to Paragraph 3 of this Agreement.

1.2 "Act" means the Investment Company Act of 1940, and the rules and regulations thereunder, all as amended from time to time by the U.S. Securities and Exchange Commission ("SEC").

1.3 "Board" means the Board of Trustees or the Board of Directors of Principal.

1.4 "Eligible Foreign Custodian" ("Sub-Custodian", or collectively "Sub-Custodians") means an entity that is incorporated or organized under the laws of a country other than the United States and that is a Qualified Foreign Bank, as defined in §270.17f-5(a)(5) of the Rule, or a majority-owned direct or indirect subsidiary of a U.S. Bank or bank-holding company.

1.5 "Eligible Securities Depository", ("Depository", or collectively "Depositories") means a system for the central handling of securities as defined in §270.17f-7(b)(1) of the Act.

1.6 "Emerging Market" means each market so identified on Appendix A attached hereto.

1.7 "Foreign Market" means each market so identified on Appendix A attached hereto.

1.8 "Monitoring System" means the policies and procedures established by Custodian to fulfill its duties to monitor the custody risks associated with maintaining securities with a Sub-Custodian or Depository on a continuing basis, pursuant to this Agreement.

1.9 "Rule" means collectively §270.17(f)-5 and §270.17(f)-7 of the Act, as amended from time to time.

1.10 “Securities” means domestic or foreign securities or both within the meaning of §2(a)(36) of the Act and regulations issued by the SEC under §270.17(f) of the Act, as amended, which are held by Custodian in the Account, and shall include cash of any currency or other property of Principal and all income and proceeds of sale of such securities or other property of Principal.

2. Representations

2.1 Principal represents that with respect to any Account established by Principal to hold Securities, Principal is authorized to enter into this Agreement and to retain Custodian on the terms and conditions and for the purposes described herein.

2.2 Custodian represents that it *(i)* is organized under the laws of the United States and has its principal place of business in the United States; *(ii)* is a bank within the meaning of §202(a)(2) of the Investment Advisers Act of 1940 and §2(a)(5) of the Act, as amended; and *(iii)* has equity capital in excess of $1 million.

3. Establishment of Accounts. Principal hereby establishes with Custodian, and may in the future establish, one or more Accounts in Principal’s name. The Account shall consist of Securities delivered to and receipted for by Custodian or by any Sub-Custodian. Custodian, in its sole discretion, may reasonably refuse to accept any property now or hereafter delivered to it for inclusion in the Account. Principal shall be notified promptly of such refusal and any such property shall be immediately returned to Principal.

4. Custody. Subject to the terms of this Agreement, Custodian shall be responsible for the safekeeping and custody of the Securities. Custodian may *(i)* retain possession of all or any portion of the Securities, including possession in a foreign branch or other office of Custodian; or *(ii)* retain, in accordance with Paragraph 5 of this Agreement, one or more Sub-Custodians to hold all or any portion of the Securities. Custodian and any Sub-Custodian may, in accordance with Paragraph 5 of this Agreement, deposit definitive or book-entry Securities with one or more Depositories.

4.1 If Custodian retains possession of Securities, Custodian shall ensure the Securities are at all times properly identified as being held for the appropriate Account. Custodian shall segregate physically the Securities from other securities or property held by Custodian. Custodian shall not be required to segregate physically the Securities from other securities or property held by Custodian for third parties as Custodian, but Custodian shall maintain adequate records showing the true ownership of the Securities.

4.2 If Custodian deposits Securities with a Sub-Custodian, Custodian shall maintain adequate records showing the identity and location of the Sub-Custodian, the Securities held by the Sub-Custodian, and each Account to which such Securities belong.

4.3 If Custodian or any Sub-Custodian deposits Securities with a Depository, Custodian shall maintain, or shall cause the Sub-Custodian to maintain, adequate records showing the identity and location of the Depository, the Securities held by the Depository, and each Account to which such Securities belong.

4.4 If Principal directs Custodian to deliver certificates or other physical evidence of ownership of Securities to any broker or other party, other than a Sub-Custodian or Depository employed by Custodian for purposes of maintaining the Account, Custodian's sole responsibility shall be to exercise care and diligence in effecting the delivery as instructed by Principal. Upon completion of the delivery, Custodian shall be discharged completely of any further liability or responsibility with respect to the safekeeping and custody of Securities so delivered.

4.5 Custodian shall ensure that *(i)* the Securities will not be subject to any right, charge, security interest, lien, or claim of any kind in favor of Custodian or any Sub-Custodian except for Custodian's expenses relating to the Securities' safe custody or administration or, in the case of cash deposits, liens or rights in favor of the creditors of the Sub-Custodian arising under bankruptcy, insolvency, or similar laws, and *(ii)* the beneficial ownership of the Securities will be freely transferable without the payment of money or value other than for safe custody or administration.

4.6 Principal or its designee, shall have reasonable access upon reasonable notice during regular business hours to the books and records, or shall be given confirmation of the contents of the books and records, maintained by Custodian or any Sub-Custodian holding Securities hereunder to verify the accuracy of such books and records. Custodian shall notify Principal promptly of any applicable law or regulation in any country where Securities are held that would restrict such access or confirmation.

5. Sub-Custodians and Depositories; Selection and Monitoring. With Principal's advance approval, as provided in Subparagraph 5.5 of this Agreement, Custodian may from time to time select one or more Sub-Custodians and, subject to the provisions of Subparagraph 5.7, one or more Depositories, to hold Securities hereunder.

5.1 Custodian shall establish a relationship with each Sub-Custodian governed by a written contract providing for the reasonable care of Securities based on the standards specified in section §270.17(f)-5(c)(1) of the Rule, and including the provisions set forth in sections §270.17(f)-5(c)(2)(i)(A) through (F) of the Rule, or provisions which Custodian determines provide the same or greater protection of Principal's Securities.

5.2 In making its selection of each Sub-Custodian, Custodian shall consider whether the Securities will be subject to reasonable care, based on the standards applicable to custodians in the relevant market, including *(i)* the Sub-Custodian's practices, procedures, and internal controls, including, but not limited to, the physical protections available for certificated securities (if applicable), the method of keeping

custodial records, and the security and data protection practices; *(ii)* the Sub-Custodian's financial strength, general reputation and standing in the country in which it is located, its ability to provide efficiently the custodial services required, and the relative cost of such services; and, *(iii)* whether the Sub-Custodian has branch offices in the United States, or consents to service of process in the United States, in order to facilitate jurisdiction over and enforcement of judgments against it.

5.3 In making its selection of each Depository, Custodian shall exercise reasonable care, prudence, and diligence in evaluating the custody risks associated with maintaining Securities with each Depository under Custodian's custody arrangements with each Sub-Custodian or Depository.

5.4 Custodian shall give written notice to Principal of its intention to deposit Securities with a Sub-Custodian or, directly or through a Sub-Custodian, with a Depository. The notice shall identify the proposed Sub-Custodian or Depository and shall include reasonably available information relied on by Custodian in making the selection.

5.5 Within 30 days of its receipt of a notice from Custodian pursuant to Subparagraph 5.4 of this Agreement regarding Custodian's proposed selection of one or more Sub-Custodians or Depositories, Principal shall give written notice to Custodian of Principal's approval or disapproval of the proposed selection. If Principal has not responded within 30 days of receipt of Custodian's request for approval of a Sub-Custodian or Depository, Principal will be deemed to have rejected the proposed selection. Principal hereby approves Custodian's selection and use of those Sub-Custodians and Depositories which are identified in Appendix A of this Agreement.

5.6 Custodian shall monitor under its Monitoring System the appropriateness of the continued custody or maintaining of Principal's Securities with each Sub-Custodian or Depository.

5.6.1 Custodian shall evaluate and determine at least annually the continued eligibility of each Sub-Custodian and Depository approved by Principal to act as such hereunder. In discharging this responsibility, Custodian shall *(i)* monitor on a continuing basis the day to day services and reports provided by each Sub-Custodian or Depository; *(ii)* at least annually, obtain and review the annual financial report published by each Sub-Custodian, and to the extent such reports are publicly available, each Depository, and other reports on each Sub-Custodian or Depository which Custodian may obtain from a reputable independent analyst; and, *(iii)* periodically as deemed appropriate, physically inspect the operations of each Sub-Custodian or Depository.

5.6.2 Custodian shall provide to the Board annually and at such other times as the Board may reasonably request based on the circumstances of the Principal's foreign custody arrangements, written reports notifying the Board of the placement of Securities of the Principal with a particular foreign Sub-Custodian within a

Foreign Market or an Emerging Market and of any material change in the arrangements (including any material changes in any contracts governing such arrangements or any material changes in the established practices or procedures of Depositories) with respect to Securities of the Principal held by any Sub-Custodian.

5.6.3 If Custodian determines that *(i)* any Sub-Custodian or Depository no longer satisfies the applicable requirements described in Subparagraph 1.4 (in the case of a Sub-Custodian) or Subparagraph 1.5 (in the case of a Depository) of this Agreement; or, *(ii)* any Sub-Custodian or Depository is otherwise no longer capable or qualified to perform the functions contemplated herein; or, *(iii)* any change in a contract with a Sub-Custodian or any change in established Depository or market practices or procedures shall cause a custody arrangement to no longer meet the requirements of the Rule, Custodian shall promptly give written notice thereof to Principal. The notice shall, in addition, either indicate Custodian's intention to transfer Securities held by the removed Sub-Custodian or Depository to another Sub-Custodian or Depository previously approved by Principal, or include a notice pursuant to Subparagraph 5.4 of this Agreement of Custodian's intention to deposit Securities with a new Sub-Custodian or Depository, in either instance such transfer of Securities to be effected as soon as reasonably practical.

5.7 Notwithstanding the foregoing sub-sections of this Paragraph 5, Custodian shall have no responsibility for the selection or monitoring of any Depository or Depository's agent ("Compulsory Depository") *(i)* the use of which is mandated by law or regulation; *(ii)* because securities cannot be withdrawn from a depository; or *(iii)* because maintaining securities outside the securities depository is not consistent with prevailing market practices in the relevant market, provided however, that Custodian shall notify Principal if Principal has directed a trade in a market containing a Compulsory Depository, so Principal and Advisor shall have an opportunity to determine the appropriateness of investing in such market.

5.8 Principal and Custodian agree that, for purposes of this Paragraph, Custodian's determination of appropriateness shall only include custody risk, and shall not include any evaluation of "country risk" or systemic risk associated with the investment or holding of assets in a particular country or market, including, but not limited to *(i)* the use of Compulsory Depositories, *(ii)* the country's or market's financial infrastructure, *(iii)* the country's or market's prevailing custody and settlement practices, *(iv)* risk of nationalization, expropriation or other governmental actions, *(v)* regulation of the banking or securities industries, *(vi)* currency controls, restrictions, devaluation or fluctuation, and *(vii)* country or market conditions which may affect the orderly execution of securities transactions or affect the value of the transactions. Principal and Custodian further agree that the evaluation of any such country and systemic risks shall be solely the responsibility of Principal.

6. Registration. Subject to any specific instructions from Principal, Custodian shall hold or cause to be held all Securities in the name of *(i)* Principal, or *(ii)* Custodian, or

any Sub-Custodian or Depository approved by Principal pursuant to Paragraph 5 of this Agreement, or in the name of a nominee of any of them, as Custodian shall determine to be appropriate under the circumstances.

7. Transactions. Principal from time to time may instruct Custodian (which in turn shall be responsible for giving appropriate instructions to any Sub-Custodian or Depository) regarding the purchase or sale of Securities in accordance with this Paragraph 7:

7.1 Custodian shall effect and account for each Securities and currency sale on the date such transaction actually settles; provided, however, that Principal may in its sole discretion direct Custodian, in such manner as shall be acceptable to Custodian, to account for Securities and currency purchases and sales on contractual settlement date, regardless of whether settlement of such transactions actually occurs on contractual settlement date. Principal may, from time to time, direct Custodian to change the accounting method employed by Custodian in a written notice delivered to Custodian at least thirty (30) days prior to the date a change in accounting method shall become effective.

7.2 Custodian shall effect purchases by charging the Account with the amount necessary to make the purchase and effecting payment to the seller or broker for the securities or other property purchased. Custodian shall have no liability of any kind to any person, including Principal, except in the case of negligent or intentional tortuous acts, or willful misconduct, if the Custodian effects payment on behalf of Principal, and the seller or broker fails to deliver the securities or other property purchased. Custodian shall exercise such ordinary care and diligence as would be employed by a reasonably prudent custodian and due diligence in examining and verifying the certificates or other indicia of ownership of the property purchased before accepting them.

7.3 Custodian shall effect sales by delivering certificates or other indicia of ownership of the Property, and, as instructed, shall receive cash for such sales. Custodian shall have no liability of any kind to any person, including Principal, if Custodian exercises due diligence and delivers such certificates or indicia of ownership and the purchaser or broker fails to effect payment.

7.4 If a purchase or sale is effected through a Depository, Custodian shall exercise such ordinary care and diligence as would be employed by a reasonably prudent custodian and due diligence in verifying proper consummation of the transaction by the Depository.

7.5 Principal is responsible for ensuring that Custodian receives timely instructions and/or funds to enable Custodian to effect settlement of any purchase or sale of Securities or Currency Transactions. If Custodian does not receive such timely instructions or funds, Custodian shall have no liability of any kind to any person, including Principal, for failing to effect settlement. However, Custodian shall use reasonable efforts to effect settlement as soon as possible after receipt of appropriate

instructions. Principal shall be liable for interest compensation and/or principal amounts to Custodian and/or its counterparty for failure to deliver instructions or funds in a timely manner to effect settlements of foreign exchange funds movement.

7.6 At the direction of Principal, Custodian shall convert currency in the Account to other currencies through customary channels including, without limitation, Custodian or any of its affiliates, as shall be necessary to effect any transaction directed by Principal. Principal acknowledges that *(i)* the foreign currency exchange department is a part of Custodian or one of its affiliates or subsidiaries; *(ii)* the Account is not obligated to effect foreign currency exchange with Custodian;*(iii)* Custodian will receive benefits for such foreign currency transactions which are in addition to the compensation which Custodian receives for administering the Account; and *(iv)* Custodian will make available the relevant data so that Principal can determine that the foreign currency exchange transactions are as favorable to the Account as terms generally available in arm's length transactions between unrelated parties. Foreign currency exchange transactions will be performed in accordance with the Union Bank of California Foreign Exchange Agreement in the form of Exhibit "C" hereto and incorporated herein by reference and Principal hereby agrees and acknowledges all of the terms and conditions thereof. If the Principal elects to give standing instructions to Custodian to execute foreign currency exchange transactions on their behalf, or in the event a foreign currency exchange transaction is initiated in the absence of the specific Foreign Exchange Agreement, such transaction will be performed at the Bank's prevailing rate, in accordance with the usual commercial terms of the custodian.

7.7 Custodian shall have no responsibility to manage or recommend investments of the Account or to initiate any purchase, sale, or other investment transaction in the absence of instructions from Principal.

8. Market Transactions; Settlement Dates. Custodian has identified certain Foreign Markets and certain Emerging Markets in Appendix A of this Agreement, which Custodian may amend in writing to Principal from time to time.

8.1 Principal agrees that all settlements of Securities transactions shall be transacted in accordance with the local laws, customs, market practices and procedures to which Sub-Custodians and Depositories are subject in each Foreign and Emerging Market.

8.2 Notwithstanding the foregoing Paragraph 7., Principal understands and agrees that settlement of Securities transactions is available only on an actual settlement date basis in certain Emerging Markets, which are identified in Appendix A, and as may be amended by Custodian in writing to Principal from time to time.

8.2.1 For Emerging Markets with actual settlement dates, cash of any currency deposited or delivered to the Account shall be available for use by Principal only on the actual business day on which funds of good value are available to Sub-Custodian in the Account.

8.2.2 For Emerging Markets with actual settlement dates, Securities deposited or delivered to the Account shall be available for use by Principal only on the actual business day on which such Securities are held in the nominee name or are otherwise subject to the control of, and in a form for good delivery by, the Sub-Custodian.

9. Capital Changes; Income.

9.1 Custodian may, without further instructions from Principal, exchange temporary certificates and may surrender and exchange Securities for other securities in connection with any reorganization, recapitalization, or similar transaction in which the owner of the Securities is not given an option. Custodian has no responsibility to effect any such exchange unless it has received actual notice of the event permitting or requiring such exchange at its office designated in Paragraph 15 of this Agreement or at the office of its designated agents.

9.2 Custodian, or its designated agents, are authorized, as Principal's agent, to surrender against payment maturing obligations and obligations called for redemption, and to collect and receive payments of interest and principal, dividends, warrants, and other things of value in connection with Securities. Except as otherwise provided in Subparagraph 16.4 of this Agreement, Custodian or its designated agents shall not be obligated to enforce collection of any item by legal process or other means.

9.3 Custodian or its designated agents are authorized to sign for Principal all declarations, affidavits, certificates, or other documents that may be required to collect or receive payments or distributions with respect to Securities. Custodian or its designated agents are authorized to disclose, without further consent of Principal, Principal's identity to issuers of Securities, or the agents of such issuers, who may request such disclosure.

10. Notices re Account Securities. Custodian shall notify Principal of any reorganization, recapitalization, or similar transaction not covered by Paragraph 9, and any subscription rights, proxies, and other shareholder information pertaining to the Securities actual notice of which is received by Custodian at its office designated in Paragraph 15 of this Agreement or at the offices of its designated agents. Custodian's sole responsibility in this regard shall be to give such notices to Principal within a reasonable time after Custodian receives them, and Custodian shall not otherwise be responsible for the timeliness of such notices. Custodian has no responsibility to respond or otherwise act with respect to any such notice unless and until Custodian has received appropriate instructions from Principal.

11. Taxes. Custodian shall pay or cause to be paid from the Account all taxes and levies in the nature of taxes imposed on the Account or the Securities thereof by any country. Custodian will use its best efforts to give Principal advance written notice of the imposition of such taxes. However, Custodian shall use reasonable efforts to obtain

refunds of taxes withheld on Securities or the income thereof that are available under applicable tax laws, treaties, and regulations.

12. Cash. Principal may from time to time, direct Custodian to hold Account cash in The HighMark℠ Group of mutual funds or in any investment company for which Custodian or its affiliates or subsidiaries, acts as investment advisor or custodian, or provides other services. Principal shall designate the particular HighMark fund or such other above-mentioned fund that Principal deems appropriate for the Account. Principal acknowledges that Custodian will receive fees for such services which will be in addition to those fees charged by Custodian as agent for the Account.

13. Reports. Custodian shall give written reports to Principal showing *(i)* each transaction involving Securities effected by or reported to Custodian; *(ii)* the identity and location of Securities held by Custodian as of the date of the report; *(iii)* any transfer of location of Securities not otherwise reported; and *(iv)* such other information as shall be agreed upon by Principal and Custodian. Unless otherwise agreed upon by Principal and Custodian, Custodian shall provide the reports described in this Paragraph 13 on a monthly basis.

14. Instructions from Principal.

14.1 Principal shall certify or cause to be certified to Custodian in writing the names and specimen signatures of all persons authorized to give instructions, notices, or other communications on behalf of Principal. Such certification shall remain effective until Custodian receives notice to the contrary.

14.2 Principal may give instruction, notice, or other communication called for by this Agreement to Custodian in writing, or by telecopy, telex, telegram, or other form of electronic communication acceptable to Custodian. Unless otherwise expressly provided, all Instructions shall continue in full force and effect until canceled or superseded. Principal may give and Custodian may accept oral instructions on an exception basis; provided, however, that Principal shall promptly confirm any oral communications in writing or by telecopy or other means permitted hereunder. Principal will hold Custodian harmless for the failure of Principal to send confirmation in writing, the failure of such confirmation to conform to the telephone instructions received or Custodian's failure to produce such confirmation at any subsequent time. Custodian may electronically record any instruction given by telephone, and any other telephone discussions with respect to the Custody Account.

14.3 All such communications shall be deemed effective upon receipt by Custodian at its address specified in Paragraph 15 of this Agreement, as amended from time to time. Custodian without liability may rely upon and act in accordance with any instruction that Custodian using ordinary care believes has been given by Principal.

14.4 Custodian may at any time request instructions from Principal and may await such instructions without incurring liability. Custodian has no obligation to act in

the absence of such requested instructions, but may, however, without liability take such action as it deems appropriate to carry out the purposes of this Agreement.

15. Addresses. Until further notice from either party, all communications called for under this Agreement shall be addressed as follows:

If to Principal:

Name:	Hercules Technology Growth Capital, Inc.
Street Address:	Four Palo Alto Square, 3000 El Camino Real, Suite 200
City, State, Zip:	Palo Alto, California 94306
Attn:	Chief Legal Officer
Telephone:	(650) 813-6200
Telecopier:	(650) 813-6211

If to Custodian:

UNION BANK OF CALIFORNIA, NATIONAL ASSOCIATION
Union Bank of California Global Custody
Attn: Ms. Moon Shil Lee, Vice President
475 Sansome Street, 15th Floor
San Francisco, California 94111

Telephone: (415) 296-6505
Telecopier: (415) 291-7732

16. Custodian's Responsibilities and Liabilities:

16.1 Custodian's duties and responsibilities shall be limited to those expressly set forth in this Agreement, or as otherwise agreed by Custodian in writing. In carrying out its responsibilities, Custodian shall exercise no less than the same degree of care and diligence it usually exercises with respect to similar property of its own.

16.2 Custodian *(i)* shall not be required to maintain any special insurance for the benefit of Principal, and*(ii)* shall not be liable or responsible for any loss, damage, expense, failure to perform or delay caused by accidents, strikes, fire, flood, war, riot, electrical or mechanical or communication line or facility failures, acts of third parties (including without limitation any messenger, telephone or delivery service), acts of God, war, government action, civil commotion, fire, earthquake, or other casualty or disaster or any other cause or causes which are beyond Custodian's reasonable control. However, Custodian shall use reasonable efforts to replace Securities lost or damaged due to such causes with securities of the same class and issue with all rights and privileges pertaining thereto. Custodian shall be liable to Principal for any loss which shall occur as the result of the failure of a Sub-Custodian to exercise reasonable care with respect to the safekeeping of assets to the same extent that Custodian would be

liable to Principal if Custodian were holding such securities and cash in its own premises. In all cases, Custodian's liability for any act or failure to act under this Agreement shall be limited to the resulting direct loss, if any, of Principal. Under no circumstances shall Custodian be liable for any consequential, indirect, punitive, or special damage which Principal may incur or suffer in connection with this Agreement.

16.3 The parties intend that Custodian shall not be considered a fiduciary of the Account. Accordingly, Custodian shall have no power to make decisions regarding any policy, interpretation, practice, or procedure with respect to the Account, but shall perform the ministerial and administrative functions described in this Agreement as provided herein and within the framework of policies, interpretations, rules, practices, and procedures made by Principal as the same shall be reflected in instructions to Custodian from Principal.

16.4 Custodian shall not be required to appear in or defend any legal proceedings with respect to the Account or the Securities unless Custodian has been indemnified to its reasonable satisfaction against loss and expense (including reasonable attorneys' fees).

16.5 With respect to legal proceedings referred to in Subparagraph 16.4 of this agreement, Custodian may consult with counsel acceptable to it after written notification to Principal concerning its duties and responsibilities under this Agreement, and shall not be liable for any action taken or not taken in good faith on the advice of such counsel.

17. Indemnities.

17.1 Principal hereby agrees to indemnify Custodian against all liability, claims, demands, damages, losses, and costs, including reasonable attorneys' fees and expenses of legal proceedings, resulting from Custodian's compliance with instructions from Principal and the terms of this Agreement, except where Custodian has acted with negligence or willful misconduct.

17.2 Custodian's right to indemnity under Subparagraph 17.1 of this Agreement shall survive the termination of this Agreement.

18 Compensation; Expenses. Principal shall reimburse Custodian for all reasonable out-of-pocket expenses and processing costs incurred by Custodian in the administration of the Account including, without limitation, reasonable counsel fees incurred by Custodian pursuant to Subparagraph 16.5 of this Agreement. Principal also shall pay Custodian reasonable compensation for its services hereunder as specified in Appendix B. Custodian shall be entitled to withdraw such expenses or compensation from the Account if Principal fails to pay the same to Custodian within 45 days after Custodian has sent an appropriate billing to Principal; provided, however, that Custodian will give Principal ten (10) days prior written notice before withdrawing such funds.

19. Amendment; Termination. This Agreement may be amended at any time by a written instrument signed by the parties. Either party may terminate this Agreement and the Account upon 90 days' written notice to the other unless the parties agree on a different time period. Upon such termination, Custodian shall deliver or cause to be delivered the Securities, less any amounts due and owing to Custodian under this Agreement, to a successor custodian designated by Principal or, if a successor custodian has not accepted an appointment by the effective date of termination of the Account, to Principal. Upon completion of such delivery Custodian shall be discharged of any further liability or responsibility with respect to the Securities so delivered.

20. Successors. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors in interest. Without consent of the parties, this agreement cannot be assigned to any third party.

21. Governing Law. The validity, construction, and administration of this Agreement shall be governed by the applicable laws of the United States from time to time in force and effect and, to the extent not preempted by such laws of the United States, by the laws of the State of California from time to time in force and effect. Any action or proceeding to enforce, interpret or adjudicate the rights and responsibilities of the parties hereunder shall be commence in the State or Federal courts located in the State of California.

22. Effective Date. This Agreement shall be effective as of the date appearing below, and shall supersede any prior or existing agreements between the parties pertaining to the subject matter hereof.

Date: _____

By: "Principal"

_____
Authorized Signature

_____
Name & Title

_____
Authorized Signature

_____
Name & Title

By: Union Bank of California, National Association, “Bank”

Authorized Signature

Name & Title

Authorized Signature

Name & Title

Exhibit k.1

TRANSFER AGENCY AND REGISTRAR SERVICES AGREEMENT

by and between:

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

and

AMERICAN STOCK TRANSFER & TRUST COMPANY

Dated: May __ , 2005

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TRANSFER AGENCY AND REGISTRAR SERVICES AGREEMENT

This Transfer Agency and Registrar Services Agreement (the "Agreement"), dated as of May , 2005 is between Hercules Technology Growth Capital, Inc., a Maryland corporation (the "Company") and American Stock Transfer & Trust Company, a New York corporation ("AST").

WHEREAS, the Company desires the appointment of AST as transfer agent and registrar;

WHEREAS, AST desires to accept such appointment and perform the services related to such appointment;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follow:

Section 1. Appointment of Agent

1.01 The Company hereby appoints AST to act as sole transfer agent and registrar for the common stock of the Company and for any such other shares as the Company may request in writing ("the Shares"), in accordance with the terms and conditions hereof, and AST hereby accepts such appointment.

1.02 In connection with the appointment of AST as transfer agent and registrar for the Company, the Company shall provide AST:

(a) A Certificate of Appointment in substantially the form furnished by AST (and a Supplemental Certificate each time there is any material change to the information contained in the original Certificate of Appointment). It is agreed, however, that any provisions explicitly addressed in this Agreement shall govern the relationship between the parties in the event of a conflict between the Certificate of Appointment and this Agreement;

(b) Specimens of all forms of outstanding stock certificates, in the forms approved by the Board of Directors of the Company, with a certificate of the Secretary of the Company as to such approval;

(c) Specimens of the signatures of the officers of the Company authorized to sign stock certificates and specimens of the signatures of the individuals authorized to sign written instructions and requests;

(d) A copy of the Certificate of Incorporation and by-laws of the Company and, on a continuing basis, copies of all material amendments to the Certificate of Incorporation or by-laws made after the date of this Agreement (such amendments to be provided promptly after such amendments are made); and

(e) A sufficient supply of blank certificates signed by (or bearing the facsimile signature of) the officers of the Company authorized to sign stock certificates and bearing the Company's corporate seal (if required). AST may use certificates bearing the signature of a person who at the time of use is no longer an officer of the Company.

Section 2. Standard Services

2.01 In accordance with the procedures established from time to time by agreement between the Company and AST, AST shall provide the following services:

(a) Create and maintain shareholder accounts for all Shares;

(b) Provide online access capability for the Company's personnel, including "read-only" access to individual shareholder files;

(c) Review transfer documents and certificates for acceptability;

(d) Complete transfer debit and credit transactions within applicable SEC guidelines;

(e) Provide for the original issuance of shares as directed by the Company;

(f) Maintain Treasury accounts in book entry;

(g) Furnish clear, simple, and detailed instructions to shareholders throughout the transfer process, as well as clear and concise written explanations of rejected transfers;

(h) Post transfers to the record system daily;

(i) Prepare a list of shareholders entitled to vote at the annual meeting as requested by the Company;

(j) As required by the Company, mail all proxy materials to shareholders of record as of the proxy record date or provide a list of the names (and other relevant information) of such shareholders

of record to a designated third party for purposes of such mailing (it being understood, however, that production of such external files shall be billable as an expense at AST's standard rates for the production of external tapes);

(k) Tabulate returned proxy cards;

(l) Provide the Company with access to shareholder voting records via online access and by written report prior to the Company's annual meeting;

(m) Provide appropriate responses to electronic, telephonic and written inquiries from the Company's shareholders;

(n) Provide a toll-free number and toll number in conjunction with an interactive telephone system capable of providing information and handling shareholder requests without talking to a representative;

(o) Prepare and submit appropriate tax and other reports required by State and Federal agencies, principal stock exchanges, and shareholders, as requested by the Company;

(p) Issue replacement certificates for those certificates alleged to have been lost, stolen or destroyed, unless AST has received notice that such certificates were acquired by a bona fide purchaser. AST shall be entitled to demand an open penalty surety bond satisfactory to AST holding AST and the Company harmless. AST shall be entitled to demand payment of the premium and processing fee for such open penalty surety bond from the shareholder. AST, at its option, may issue replacement certificates in place of mutilated stock certificates upon presentation thereof without such indemnity;

(q) Compute quarterly dividend payment for each account as of the record date, balanced to the official share position;

(r) Prepare and transmit payments for dividends and distributions declared by the Company, provided good funds for said dividends or distributions are received by AST prior to the scheduled mailing date for said dividends or distributions;

(s) Code lost accounts to suppress printing and mailing of checks in accordance with applicable policies and guidelines;

(t) Replace lost or stolen dividend checks at a shareholder's request, and place stop orders on such lost or stolen checks;

(u) Withhold taxes on dividends at the appropriate rate when applicable; and

(v) Administer the Company's Dividend Reinvestment Plan.

2.02 AST shall have the obligation to discharge all applicable escheat and notification obligations.

2.03 AST may, at its election, outsource any of the services to be provided hereunder, but shall retain ultimate responsibility for any of the services so provided.

2.04 AST may provide further services to, or on behalf of, the Company as may be agreed upon between the Company and AST.

Section 3. Fees and Expenses

3.01 Fees

The Company agrees to pay AST fees for the services performed pursuant to this agreement in the amount of $[ ] per month. Notwithstanding the foregoing, in the event that the scope of services to be provided by AST is increased substantially, the parties shall negotiate in good faith to determine reasonable compensation for such additional services.

3.02 Out-of-Pocket Expenses

(a) In addition to the fees paid under Section 3.01 above, the Company agrees to reimburse AST for all reasonable expenses or other reasonable charges incurred by AST in connection with the provision of services to the Company (including reasonable attorneys fees).

(b) Notwithstanding section 3.03 below, AST reserves the right to request advance payment for substantial and reasonable out-of-pocket expenditures.

3.03. Payment of Fees and Expenses

The Company agrees to pay all fees and reimbursable expenses within thirty (30) days following the receipt of a billing notice. Interest charges will accrue on unpaid balances outstanding for more than sixty (60) days.

3.04 Services Required by Legislation

Services required by legislation or regulatory mandate that become effective after the effective date of this Agreement and that are not otherwise included in Section 2 of this Agreement shall not be part of the standard services, and shall be billed by agreement.

Section 4. Representations and Warranties of AST

AST represents and warrants to the Company that:

It is a corporation duly organized and validly existing in good standing under the laws of the State of New York;

It is duly qualified to carry on its business in the State of New York;

It is empowered under applicable laws and by its Charter and By-laws to enter into and perform this Agreement; and

All requisite corporate proceedings have been taken to authorize it to enter into and perform this Agreement.

It will comply with all applicable laws in the performance of its duties hereunder;

Section 5. Representations and Warranties of the Company

The Company represents and warrants to AST that:

It is a corporation duly organized and validly existing and in good standing under the laws of the State of Maryland;

It is empowered under applicable laws and governing instruments to enter into and perform this Agreement;

All corporate proceedings required by said governing instruments and applicable law have been taken to authorize it to enter into and perform this Agreement;

All certificates representing Shares which were not issued pursuant to an effective registration statement under the Securities Act of 1933, as amended, bear a legend in substantially the following form:

> "The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended (the "Act"). The shares may not be sold, transferred or assigned in the absence of an effective registration for these shares under the Act or an opinion

of the Corporation's counsel that registration is not required under the Act."

All Shares not so registered were issued or transferred in a transaction or series of transactions exempt from the registration provisions of the Act, and in each such issuance or transfer, the Corporation was so advised by its legal counsel.

Section 6. Reliance and Indemnification

6.01 AST may rely on any written or oral instructions received from any persons who are designated officers of the Company, provided (a) the Company furnishes AST with an appropriate incumbency certificate for such officers and their signatures; and (b) the Company thereafter keeps such designation current with an annual (or more frequent, if required) re-filing. AST may also rely on advice, opinions or instructions received from the Company's legal counsel. AST may, in any event, rely on advice received from its legal counsel. AST may rely (a) on any writing or other instruction believed by it in good faith to have been furnished by or on behalf of a Shareholder; (b) on any statement of fact contained in any such writing or other instruction which it in good faith does not believe to be inaccurate; (c) on the apparent authority of any person to act on behalf of the Company or a Shareholder as having actual authority to the extent of such apparent authority; (d) on the authenticity of any signature (manual or facsimile) appearing on any writing; and (e) on the conformity to original of any copy.

6.02 AST shall not be responsible for, and the Company shall indemnify and hold AST harmless from and against, any and all losses, damages, costs, charges, judgments, fines, amounts paid in settlement, reasonable counsel fees and expenses, payments, general expenses and/or liability arising out of or attributable to:

(a) AST's (and/or its agents' or subcontractors') actions performed in its capacity as transfer agent and/or registrar, provided that such actions are taken in good faith and without negligence or willful misconduct;

(b) The Company's lack of good faith, negligence or willful misconduct or the breach of any representation or warranty of the Company hereunder;

(c) Any action(s) taken in accordance with section 6.01 above;

(d) Any action(s) performed pursuant to a direction or request issued by a statutory, regulatory, governmental or quasi-governmental

body (AST shall, however, provide the Company with prior notice when practicable, unless AST is not permitted to do so);

(e) Any reasonable expenses, including attorney fees, incurred in seeking to enforce the foregoing indemnities.

6.03 AST will research the records delivered to it on its appointment as agent if it receives a stock certificate not reflected in said records. If neither the Company nor AST is able to reconcile said certificate with said records (so that the transfer of said certificate on the records maintained by AST would create an overissue), the Company shall either increase the number of its issued shares, or acquire and cancel a sufficient number of issued shares, to correct the overissue.

6.04 AST shall be responsible for and shall indemnify and hold the Company harmless from and against any and all losses, damages, costs, charges, judgments, fines, amounts paid in settlement, reasonable counsel fees, and expenses, payments, general expenses and/or liability arising out of or attributable to AST's refusal or failure to comply with the terms of this Agreement, or which arise out of AST's negligence or willful misconduct or which arise out of the breach of any representation or warranty of AST hereunder.

6.05 Upon the assertion of a claim for which one party may be required to indemnify the other, the party seeking indemnification shall promptly notify the other party of such assertion, and shall keep the other party advised with respect to all developments concerning such claim. The indemnifying party shall have the option to participate with the indemnified party in the defense of such claim or to defend against said claim in its own name or the name of the indemnified party. The indemnified party shall in no case confess any claim or make any compromise in any case in which the indemnifying party may be required to indemnify it, except with the indemnifying party's prior written consent.

6.06 The foregoing indemnities shall not terminate on termination of AST's acting as transfer agent and/or registrar, and they are irrevocable. AST's acceptance of its appointment as transfer agent and/or registrar, evidenced by its acting as such for any period, shall be deemed sufficient consideration for the foregoing indemnities.

Section 7. Standard of Care

AST shall, at all times, act in good faith. AST agrees to use its best efforts, within reasonable time limits, to ensure the accuracy of all services performed under this Agreement.

Section 8. Limitations on AST's Responsibilities

AST shall not be responsible for the validity of the issuance, presentation or transfer of stock; the genuineness of endorsements; the authority of presentors; or the collection or payment of charges or taxes incident to the issuance or transfer of stock. AST may, however, delay or decline an issuance or transfer if it deems it to be in its or the Company's best interests to receive evidence or assurance of such validity, authority, collection or payment. AST shall not be responsible for any discrepancies in its records or between its records and those of the Company, if it is a successor transfer agent or successor registrar, unless no discrepancy existed in the records of the Company and any predecessor transfer agent or predecessor registrar. AST shall not be deemed to have notice of, or to be required to inquire regarding, any provision of the Company's charter, certificate of incorporation, or by-laws, any court or administrative order, or any other document, unless it is specifically advised of such in a writing from the Company, which writing shall set forth the manner in which it affects the Shares. In no event shall AST be responsible for any transfer or issuance not effected by it.

Section 9. Covenants of the Company and AST

9.01 AST agrees to establish and maintain facilities and procedures reasonably acceptable to the Company for the safekeeping of stock certificates.

9.02 AST shall keep records relating to the services to be performed hereunder, in the form and manner as it may deem advisable. AST agrees that all such records prepared or maintained by it relating to the services performed hereunder are the property of the Company and will be preserved, maintained and made available to the Company in accordance with the requirements of law, including the Investment Company Act of 1940 and the rules and regulations promulgated thereunder (the "1940 Act"), and will be surrendered promptly to the Company on and in accordance with its request provided that the Company has satisfactorily performed its obligations under Sections 3.01, 3.02, 10.03 and 10.05 hereof, to the extent applicable. Notwithstanding the foregoing, with the Company's prior written consent, AST shall be entitled to destroy or otherwise dispose of records belonging to the Company in accordance with AST's standard document and record retention practices and/or procedures.

9.03 AST and the Company agree that all confidential books, records, information and data pertaining to the business of the other party which are exchanged or received pursuant to the negotiation or the carrying out of this Agreement shall remain confidential, and shall not be voluntarily

disclosed to any other person, except as may be required by law or as permitted by AST's privacy policy as then in effect.

9.04 AST shall provide, from time to time at the Company's reasonable request, sub-certifications regarding certain of its services performed hereunder to the Company in connection with the Company's Sarbanes-Oxley Act of 2002 certification requirements.

9.05 AST shall adopt and implement written policies and procedures reasonably designed to prevent violation of the Federal Securities laws by AST. AST shall provide the Company, at such times as the Company shall reasonably request and at AST's expense, with a copy of such policies and procedures and, if reasonably available, a third party report of such policies and procedures; such report shall be of sufficient scope and in sufficient detail, as may reasonably be required by the Company to comply with Rule 38a-1 under the 1940 Act and to provide reasonable assurance that any material inadequacies would be disclosed by such examination, and, if there are no such inadequacies, the reports shall so state.

Section 10. Term and Termination

10.01 The initial term of this Agreement shall be three (3) years from the date first referenced above and the appointment shall automatically be renewed for further three years successive terms without further action of the parties, unless written notice is provided by either party at least 90 days prior to the end of the initial or any subsequent three year period.

10.02 In the event that (i) AST commits any continuing breach of its material obligations under this Agreement, and such breach remains uncured for more than sixty (60) days after written notice by the Company (which notice shall explicitly reference this provision of the Agreement), or (ii) the Company delists from a stock exchange and its capital stock is no longer actively traded, the Company shall be entitled to terminate this agreement with no further payments other than (a) payment of any amounts then outstanding under this Agreement and (b) payment of any amounts required pursuant to Section 10.05 hereof.

10.03 In the event that the Company terminates this Agreement other than pursuant to Sections 10.01 and 10.02 above, the Company shall be obligated to immediately pay all amounts that would have otherwise accrued during the term of the Agreement pursuant to Section 3 above, as well as the charges accruing pursuant to Section 10.05 below.

10.04 In the event that the Company commits any breach of its material obligations to AST, including non-payment of any amount owing to AST, and such breach remains uncured for more than sixty (60) days, AST shall have the right to terminate or suspend its services without further notice to the Company. During such time as AST may suspend its services, AST shall have no obligation to act as transfer agent and/or registrar on behalf of the Company, and shall not be deemed its agent for such purposes. Such suspension shall not affect AST's rights under the Certificate of Appointment or this Agreement.

10.05 Should the Company elect not to renew this Agreement or otherwise terminate this Agreement, AST shall be entitled to reasonable additional compensation for the service of preparing records for delivery to its successor or to the Company, and for forwarding and maintaining records with respect to certificates received after such termination. AST shall be entitled to retain all transfer records and related documents until all amounts owing to AST have been paid in full. AST will perform its services in assisting with the transfer of records in a diligent and professional manner.

Section 11. Assignment

Neither this Agreement, nor any rights or obligations hereunder, may be assigned by either party without the written consent of the other party.

Section 12. Notices

Any notice or communication by AST or the Company to the other is duly given if in writing and delivered in person or mailed by first class mail (postage prepaid), telex, telecopier or overnight air courier to the other's address:

If to the Company:

Scott Harvey, Esq.
Hercules Technology Growth Capital, Inc.
525 University Avenue
Suite 700
Palo Alto, CA 94301
Telecopy No.: (650) 473-9194

If to AST:

Mr. George Karfunkel
American Stock Transfer & Trust Company

59 Maiden Lane
New York, NY 10038
Telecopy No.: (718) 236-4588

With a copy to:

American Stock Transfer & Trust Company
Attn: General Counsel
59 Maiden Lane
New York, NY 10038

AST and the Company may, by notice to the other, designate additional or different addresses for subsequent notices or communications.

Section 13. Successors

All the covenants and provisions of this Agreement by or for the benefit of the Company or AST shall bind and inure to the benefit of their respective successors and assigns hereunder.

Section 14. Amendment

This agreement may be amended or modified by a written amendment executed by both parties hereto.

Section 15. Severability

If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated. To the extent that any provision hereof is deemed to be unenforceable under applicable law, it shall be deemed replaced by an enforceable provision to the same or nearest possible effect.

Section 16. Governing Law

This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts made and to be performed in the State of New York.

Section 17. Descriptive Headings

Descriptive headings of the several sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

Section 18. Third Party Beneficiaries

The provisions of this Agreement are intended to benefit only AST and the Company and their respective successors and assigns. No rights shall be granted to any other person by virtue of this Agreement, and there are no third party beneficiaries hereof.

Section 19. Survival

All provisions regarding indemnification, liability and limits thereon shall survive the termination of this Agreement.

Section 20. Merger of Agreement

This Agreement constitutes the entire agreement between the parties hereto and supersedes any prior agreement with respect to the subject matter hereof, whether oral or written.

Section 21. Counterparts

This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by one of its officers thereunto duly authorized, all as of the date first written above.

HERCULES TECHNOLOGY
GROWTH CAPITAL, INC.

By._____
Name: Scott Harvey
Title: Chief Legal Officer

AMERICAN STOCK TRANSFER &
TRUST COMPANY

By:_____

Name:_____

Title:_____

Exhibit K.5

Hercules Technology
Growth Capital, Inc.

Four Palo Alto Square
3000 El Camino Real, Suite 200
Palo Alto, CA 94306

February 22, 2005

JMP Asset Management LLC
600 Montgomery Street, Suite 1100
San Francisco, CA 94111

Ladies and Gentlemen:

Hercules Technology Growth Capital, Inc. (the "Company") and JMP Asset Management LLC ("JMP") hereby agree as follows:

(1) The parties hereto agree that the letter agreement dated as of June 22, 2004 by and among the Company, JMP and Farallon Capital Management, L.L.C. is hereby terminated with no continuing rights, obligations or liabilities of the Company or JMP thereunder.

(2) Until such time as the rights granted hereunder to JMP terminate in accordance with the terms of this letter agreement, JMP shall have the right to recommend two people to the nominating committee of the Company's board of directors for consideration as nominees to the Company's board of directors, provided that such persons would not be considered "interested persons" of the Company as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended (the "1940 Act").

(3) Reference is made to the Registration Rights Agreement dated June 22, 2004 between the Company and JMP Securities LLC (the "Registration Rights Agreement"). Capitalized terms used in this paragraph 3 and not otherwise defined in this letter agreement shall have the meaning ascribed to such term in the Registration Rights Agreement. If, after the Shelf Registration Statement is effective, investment funds controlled by JMP acquire Registrable Securities (or Warrants that are then eligible for registration pursuant to the Shelf Registration Statement) with an aggregate market value in excess of $1 million, then the Company will, subject to the provisions of Section 4(a) and Section 5 of the Registration Rights Agreement, prepare and file a supplement or post-effective amendment to such Shelf Registration Statement as soon as is reasonably practicable (but in any event within 3 months) following receipt of a written request therefor from JMP for the purpose of adding such Registrable Securities or Warrants.

(4) To the maximum extent permitted by Maryland law and, to the extent applicable to the Company, the 1940 Act, each as in effect from time to time, the Company shall indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, shall pay or reimburse reasonable expenses in advance of final disposition of a proceeding to Joseph Jolson to the extent such person is made or threatened to be made a party to a legal proceeding by reason of any acts or omissions by such person in approving or rejecting the Company's investments in portfolio companies between June 22, 2004 and February 22, 2005 on behalf of JMP. The indemnification and payment of expenses provided in this paragraph 4 shall not be deemed exclusive of or limit in any way other rights to which Joseph Jolson may be or may become entitled under the Company's bylaws, or any regulation, insurance, agreement or otherwise. Notwithstanding the foregoing, no provision of this paragraph 4 shall be effective to protect or purport to protect Joseph Jolson against liability to the Company or its stockholders to which such person would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless

disregard of the duties involved in his conduct in approving or rejecting the Company's investments in portfolio companies between June 22, 2004 and February 22, 2005 on behalf of JMP.

(5) Without the written consent of JMP, the Company will not take any action to alter or repeal the Company's board resolution adopted on June 9, 2004 in a manner that would cause a business combination with, among others, any of Harvest Opportunity Partners II, L.P., Harvest Opportunity Partners II Qualified, L.P., or Harvest Opportunity Partners Offshore Fund, Ltd. to be subject to Section 3-602 of the Maryland General Corporation Law.

(6) Without the consent of JMP, the Company will not amend Section 13 of its bylaws, as in effect on the date hereof, in a manner that would make Title 3, Subtitle 7 of the Maryland General Corporation Law applicable to an acquisition of the Company's common stock by investment funds controlled by JMP.

Unless earlier terminated in accordance with the terms of this letter agreement, the rights described herein shall terminate and be of no further force or effect as to JMP on and after the first date that investment funds controlled by JMP beneficially own less than 10% of the Company's outstanding common stock, except that (i) the rights described in paragraph 3 shall terminate and be of no further force and effect at such time as the Registrable Securities referred to therein (as defined in the Registration Rights Agreement) are eligible for resale by JMP without volume limitation under paragraph (k) of Rule 144 promulgated under the Securities Act of 1933, as amended, (ii) the rights described in paragraph 4 shall survive the termination of this letter agreement and all other rights hereunder and (iii) the rights described in each of paragraph 5 and paragraph 6 shall terminate and be of no further force or effect as to JMP on and after the date that is two years after the first date that investment funds controlled by JMP beneficially own less than 10% of the Company's outstanding common stock.

[Remainder of Page Intentionally Left Blank]

If the foregoing correctly sets forth the understanding between the Company and JMP, please so indicate in the space provided below for the purpose, whereupon this letter agreement shall constitute a binding agreement between the Company and JMP.

Very truly yours,

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

By: /s/ Scott Harvey
Name: Scott Harvey
Title: Secretary and Chief Legal Officer

AGREED AND ACCEPTED:

JMP ASSET MANAGEMENT LLC

By: /s/ Joseph Jolson
Name: Joseph Jolson
Title: Authorized Signatory

Exhibit K.6

Hercules Technology
Growth Capital, Inc.

Four Palo Alto Square
3000 El Camino Real, Suite 200
Palo Alto, CA 94306

February 22, 2005

Farallon Capital Management, L.L.C.
One Maritime Plaza, Suite 1325
San Francisco, CA 94111

Ladies and Gentlemen:

Hercules Technology Growth Capital, Inc. (the "Company") and Farallon Capital Management, L.L.C. ("Farallon") hereby agree as follows:

(1) The parties hereto agree that the letter agreement dated as of June 22, 2004 by and among the Company, Farallon, JMP Asset Management LLC is hereby terminated with no continuing rights, obligations or liabilities of the Company or Farallon thereunder.

(2) Until such time as the rights granted hereunder to Farallon terminate in accordance with the terms of this letter agreement, Farallon shall have the right to recommend one person to the nominating committee of the Company's board of directors for consideration as a nominee to the Company's board of directors, provided that such person would not be considered an "interested person" as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended (the "1940 Act").

(3) Reference is made to the Registration Rights Agreement dated June 22, 2004 between the Company and JMP Securities LLC (the "Registration Rights Agreement"). Capitalized terms used in this paragraph 3 and not otherwise defined in this letter agreement shall have the meaning ascribed to such term in the Registration Rights Agreement. If, after the Shelf Registration Statement is effective, investment funds controlled by Farallon acquire Registrable Securities (or Warrants that are then eligible for registration pursuant to the Shelf Registration Statement) with an aggregate market value in excess of $1 million, then the Company will, subject to the provisions of Section 4(a) and Section 5 of the Registration Rights Agreement, prepare and file a supplement or post-effective amendment to such Shelf Registration Statement as soon as is reasonably practicable (but in any event within 3 months) following receipt of a written request therefor from Farallon for the purpose of adding such Registrable Securities or Warrants.

(4) To the maximum extent permitted by Maryland law and, to the extent applicable to the Company, the 1940 Act, each as in effect from time to time, the Company shall indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, shall pay or reimburse reasonable expenses in advance of final disposition of a proceeding to Derek Schrier to the extent such person is made or threatened to be made a party to a legal proceeding by reason of any acts or omissions by such person in approving or rejecting the Company's investments in portfolio companies between June 22, 2004 and February 22, 2005 on behalf of Farallon. The indemnification and payment of expenses provided in this paragraph 4 shall not be deemed exclusive of or limit in any way other rights to which Derek Schrier may be or may become entitled under the Company's bylaws, or any regulation, insurance, agreement or otherwise. Notwithstanding the foregoing, no provision of this paragraph 4 shall be effective to protect or purport to protect Derek Schrier against liability to the Company or its stockholders to which such person would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless

disregard of the duties involved in his conduct in approving or rejecting the Company's investments in portfolio companies between June 22, 2004 and February 22, 2005 on behalf of Farallon.

(5) Without the written consent of Farallon, the Company will not take any action to alter or repeal the Company's board resolution adopted on June 9, 2004 in a manner that would cause a business combination with any of Farallon Capital Partners, L.P., Farallon Capital Institutional Partners, L.P., Farallon Capital Institutional Partners II, L.P., Farallon Capital Institutional Partners III, L.P., Tinicum Partners, L.P. or Farallon Capital Offshore Investors, Inc. to be subject to Section 3-602 of the Maryland General Corporation Law.

(6) Without the consent of Farallon, the Company will not amend Section 13 of its bylaws, as in effect on the date hereof, in a manner that would make Title 3, Subtitle 7 of the Maryland General Corporation Law applicable to an acquisition of the Company's common stock by investment funds controlled by Farallon.

Unless earlier terminated in accordance with the terms of this letter agreement, the rights described herein shall terminate and be of no further force or effect as to Farallon on and after the first date that investment funds controlled by Farallon beneficially own less than 10% of the Company's outstanding common stock, except that (i) the rights described in paragraph 3 shall terminate and be of no further force and effect at such time as the Registrable Securities referred to therein (as defined in the Registration Rights Agreement) are eligible for resale by Farallon without volume limitation under paragraph (k) of Rule 144 promulgated under the Securities Act of 1933, as amended, (ii) the rights described in paragraph 4 shall survive the termination of this letter agreement and all other rights hereunder, and (iii) the rights described in each of paragraph 5 and paragraph 6 shall terminate and be of no further force or effect on and after the date that is two years after the first date that investment funds controlled by Farallon beneficially own less than 10% of the Company's outstanding common stock.

[Remainder of Page Intentionally Left Blank]

If the foregoing correctly sets forth the understanding between the Company and Farallon, please so indicate in the space provided below for the purpose, whereupon this letter agreement shall constitute a binding agreement between the Company and Farallon.

Very truly yours,

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

By: /s/ Scott Harvey
Name: Scott Harvey
Title: Secretary and Chief Legal Officer

AGREED AND ACCEPTED:

FARALLON CAPITAL MANAGEMENT, L.L.C.

By: /s/ Raj Patel
Name: Raj Patel
Title: Managing Member

Exhibit l

[LETTERHEAD OF VENABLE LLP]

May 16, 2005

Hercules Technology Growth Capital, Inc.
Suite 700
525 University Avenue
Palo Alto, California 94301

Re: Registration Statement on Form N-2:
1933 Act File No.: 333-122950
1940 Act File No.: 814-00702

Ladies and Gentlemen:

We have served as Maryland counsel to Hercules Technology Growth Capital, Inc., a Maryland corporation (the "Company"), and a business development company under the Investment Company Act of 1940, as amended (the "1940 Act"), in connection with certain matters of Maryland law arising out of the registration of up to 6,900,000 shares (the "Shares") of common stock, $.001 par value per share (the "Common Stock"), of the Company to be issued in the Company's initial public offering, covered by the above-referenced Registration Statement, and all amendments thereto (the "Registration Statement"), filed by the Company with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "1933 Act"), and the 1940 Act. Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to them in the Registration Statement.

In connection with our representation of the Company, and as a basis for the opinion hereinafter set forth, we have examined originals, or copies certified or otherwise identified to our satisfaction, of the following documents (hereinafter collectively referred to as the "Documents"):

1. The Registration Statement, substantially in the form in which it was transmitted to the Commission;

2. The charter of the Company, certified as of a recent date by the State Department of Assessments and Taxation of Maryland (the "SDAT");

3. The form of Articles of Amendment and Restatement, substantially in the form to be filed by the Company with the SDAT (the "Amended Charter"), certified as of the date hereof by an officer of the Company;

4. The Amended and Restated Bylaws of the Company, certified as of the date hereof by an officer of the Company;

5. Resolutions (the "Resolutions") adopted by the Board of Directors of the Company (the "Board of Directors") relating to the sale and issuance of the Shares, certified as of the date hereof by an officer of the Company;

6. A certificate executed by an officer of the Company, dated as of the date hereof; and

7. Such other documents and matters as we have deemed necessary or appropriate to express the opinion set forth below, subject to the assumptions, limitations and qualifications stated herein.

In expressing the opinion set forth below, we have assumed the following:

1. Each individual executing any of the Documents, whether on behalf of such individual or any other person, is legally competent to do so.

2. Each individual executing any of the Documents on behalf of a party (other than the Company) is duly authorized to do so.

3. Each of the parties (other than the Company) executing any of the Documents has duly and validly executed and delivered each of the Documents to which such party is a signatory, and such party's obligations set forth therein are legal, valid and binding and are enforceable in accordance with all stated terms.

4. All Documents submitted to us as originals are authentic. The form and content of all Documents submitted to us as unexecuted drafts do not differ in any respect relevant to this opinion from the form and content of such Documents as executed and delivered. All Documents submitted to us as certified or photostatic copies conform to the original documents. All signatures on all such Documents are genuine. All public records reviewed or relied upon by us or on our behalf are true and complete. All representations, warranties, statements and information contained in the Documents are true and complete. There has been no oral or written modification of or amendment to any of the Documents, and there has been no

waiver of any provision of any of the Documents, by action or omission of the parties or otherwise.

5. Prior to the issuance of the Shares, the Amended Charter will be filed with, and accepted for record by, the SDAT, and the Board of Directors, or a duly authorized committee thereof, will determine the number, and certain terms of issuance, of the Shares in accordance with the Resolutions (the "Corporate Proceedings").

Based upon the foregoing, and subject to the assumptions, limitations and qualifications stated herein, it is our opinion that the issuance of the Shares has been duly authorized and (assuming that, upon any issuance of the Shares, the total number of shares of Common Stock issued and outstanding will not exceed the total number of shares of Common Stock that the Company is then authorized to issue under the Amended Charter), when and if delivered against payment therefor in accordance with the Resolutions and the Corporate Proceedings, the Shares will be validly issued, fully paid and nonassessable.

The foregoing opinion is limited to the substantive laws of the State of Maryland and we do not express any opinion herein concerning any other law. We express no opinion as to compliance with federal or state securities laws, including the securities laws of the State of Maryland, or the 1940 Act.

The opinion expressed herein is limited to the matters specifically set forth herein and no other opinion shall be inferred beyond the matters expressly stated. We assume no obligation to supplement this opinion if any applicable law changes after the date hereof or if we become aware of any fact that might change the opinion expressed herein after the date hereof.

This opinion is being furnished to you for submission to the Commission as an exhibit to the Registration Statement. We hereby consent to the filing of this opinion as an exhibit to the Registration Statement. In giving this consent, we do not admit that we are within the category of persons whose consent is required by Section 7 of the 1933 Act.

Very truly yours,

/s/ Venable LLP

Exhibit n.1

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated January 26, 2005, in the Pre-Effective Amendment No. 1 to the Registration Statement (Form N-2 No. 333-122950) and related Prospectus of Hercules Technology Growth Capital, Inc.

/s/ Ernst & Young LLP

San Francisco, California
May 11, 2005

Exhibit n.3

CONSENT

We hereby consent to the use in this Registration Statement on Form N-2 of our name and reference to, and inclusion of data contained in, our reports entitled "4Q '03 Venture Capital Investment Increases," "Venture-Backed Valuations Decline in 4Q '03," "Equity Financings for U.S. Venture-Backed Companies by Industry Group (1998-Q42004)," "Venture Capital Market Q4 '04" and "1Q '05 Financing Preview," which appear in such Registration Statement.

/s/ Rizwan Hussain
Rizwan Hussain
Director, International Sales & Business Development
Dow Jones, VentureOne
201 Spear Street
4th Floor
San Francisco, CA 94105
May 4, 2005

Exhibit p

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE AND ARE BEING OFFERED AND SOLD IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE SECURITIES PURCHASED HEREUNDER ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND RESALE UNDER A STOCKHOLDERS AGREEMENT AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND OTHER APPLICABLE LAWS PURSUANT TO REGISTRATION OR EXEMPTION FROM REGISTRATION REQUIREMENTS THEREUNDER.

SUBSCRIPTION AGREEMENT

This SUBSCRIPTION AGREEMENT (the "*Agreement*") is made as of February 2, 2004 among Hercules Technology Growth Capital, Inc., a Maryland corporation (the "*Company*"), and each of the investors listed on Schedule 1 hereto (each a "*Subscriber*", and collectively, the "*Subscribers*").

Recitals

Under the Articles of Incorporation of the Company, as amended and in effect on the date hereof, the Company is authorized to issue shares of Series A-1 Preferred Stock, par value $.001 per share (the "*Series A-1 Preferred Stock*"), and shares of Series A-2 Preferred Stock, par value $.001 per share (the "*Series A-2 Preferred Stock*").

Each Subscriber is willing to purchase, and the Company is willing to issue and sell to such Subscriber, the number of shares of Series A-1 Preferred Stock and Series A-2 Preferred Stock set forth opposite the name of such Subscriber on Schedule 1 hereto, all on the terms and conditions set forth herein.

Agreement

In consideration of the foregoing, and the representations, warranties, covenants and conditions set forth below, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions. The following terms shall have the following meanings:

1.1. "Closing" shall have the meaning ascribed to it in Section 2.2.

1.2. "Initial Closing Date" shall mean February 2, 2004.

1.3. "Legal Requirement" shall mean any federal, state, local or foreign law, statute, standard, ordinance, code, order, rule, regulation, resolution, promulgation, or any order, judgment or decree of any court, arbitrator, tribunal or governmental authority, or any license, franchise, permit or similar right granted under any of the foregoing, or any similar provision having the force and effect of law.

1.4. "Subscription Securities" has the meaning set forth in Section 2.1.

2. Sale and Purchase of Subscription Securities.

2.1. On the terms and subject to the conditions hereof, the Company hereby agrees to sell to each Subscriber, and by the acceptance hereof such Subscriber agrees to purchase from the Company for investment, the number of shares of Series A-1 Preferred Stock and Series A-2 Preferred Stock set forth opposite the name of such Subscriber on Schedule 1 hereto at the respective purchase prices set forth on Schedule 1. The shares of Series A-1 Preferred Stock and Series A-2 Preferred Stock being purchased by the Subscribers hereunder are referred to herein as the "*Subscription Securities*."

2.2. The sale and purchase of the Subscription Securities (each a "*Closing*") shall take place on the Initial Closing Date and such other date or dates as are determined by the Corporation until such time as all of the Subscription Securities have been sold and purchased as contemplated hereby.

2.3. Closing. At each Closing, against payment to the Company of the applicable purchase price, the Company will deliver certificates for the Subscription Securities purchased at such Closing, registered in the respective names of the Subscribers.

3. Representations and Warranties of the Company. The Company represents and warrants to each Subscriber that:

3.1. The Company is duly organized, validly existing and in good standing under the laws of the State of Maryland. The Company has made available to the Subscribers true and complete copies of the Company's Articles of Incorporation and the By-Laws of the Company as in effect on the date hereof.

3.2. The Company has or prior to the Initial Closing Date will have taken all corporate action required to authorize the execution and delivery of this Agreement and the issuance of the Subscription Securities. The Company has full legal capacity, power and authority to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement has been duly executed and delivered by the Company and is the legal, valid and binding obligation of the Company enforceable against it in accordance with the terms hereof.

3.3. Neither the execution and delivery of this Agreement, nor the consummation of any of the transactions contemplated hereby or thereby, will (i) constitute a breach of or a default under any contractual obligation of the Company, (ii) require any unobtained consent, waiver or

amendment to any such contractual obligation, (iii) violate or constitute a default under, or give rise to any other right or cause of action under the Company's Articles of Incorporation, bylaws or any Legal Requirement, except for events or conditions described in clauses (i) and (ii) above that do not and may not reasonably be expected to, individually or in the aggregate, have a material adverse effect on the business, operations, assets or condition, financial or otherwise, of the Company and its subsidiaries (on a consolidated basis).

3.4. The Subscription Securities, when issued and upon receipt of the purchase price therefor, will be duly authorized, validly issued, fully paid and non-assessable.

4. Representations and Warranties of the Subscribers. Each Subscriber individually (but not on behalf of any other Subscriber) represents and warrants that:

4.1. Such Subscriber has full legal capacity, power and authority to execute and deliver this Agreement and to perform such Subscriber's obligations hereunder. This Agreement has been duly executed and delivered by such Subscriber and is the legal, valid and binding obligation of such Subscriber enforceable against such Subscriber in accordance with the terms hereof.

4.2. Such Subscriber has been advised that the Subscription Securities have not been registered under the Securities Act or any state securities laws and, therefore, cannot be resold unless they are registered under the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available. Such Subscriber is aware that the Company is under no obligation to effect any such registration with respect to the Subscription Securities or to file for or comply with any exemption from registration. Such Subscriber is purchasing the Subscription Securities to be acquired by such Subscriber hereunder for such Subscriber's own account and not with a view to, or for resale in connection with, the distribution thereof in violation of the Securities Act. Such Subscriber has such knowledge and experience in financial and business matters that such Subscriber is capable of evaluating the merits and risks of such investment, is able to incur a complete loss of such investment and is able to bear the economic risk of such investment for an indefinite period of time. Each Subscriber is an accredited investor as that term is defined in Regulation D under the Securities Act. The address of such Subscriber is as set forth under such Subscriber's name on Schedule 1. The parties hereto intend that the sale of shares of the Company's Series A-1 Preferred Stock and Series A-2 Preferred Stock pursuant to this Agreement shall be pursuant to Regulation D under the Securities Act.

5. Conditions to Purchase of Subscription Securities.

5.1. The Company's obligation to issue and sell the Subscription Securities at the each Closing shall be subject to the satisfaction of the following conditions:

5.1.1. All representations and warranties of each Subscriber contained in this Agreement shall be true and correct as of such Closing, and consummation of such Closing shall constitute a reaffirmation by each Subscriber that all representations and

warranties of such Subscriber contained in this Agreement are true and correct as of such Closing.

5.1.2. The Company shall have filed the Articles of Amendment and Restatement in the form attached hereto as Exhibit A (the "Articles") with the State Department of Assessments and Taxation of Maryland, and the Articles shall have become effective.

5.2. Each Subscriber's obligation to purchase and pay for the Subscription Securities at each Closing shall be subject to the satisfaction of the following conditions:

5.2.1. All representations and warranties of the Company contained in this Agreement shall be true and correct as of such Closing and consummation of such Closing shall constitute a reaffirmation by the Company that all the representations and warranties of the Company contained in this Agreement are so true and correct as of such Closing.

5.2.2. The Company shall have filed the Articles with the State Department of Assessments and Taxation of Maryland, and the Articles shall have become effective.

6. Indemnities. Each Subscriber agrees to indemnify and hold harmless the Company, and the Company agrees to indemnify and hold harmless each Subscriber, from and against all losses, damages, liabilities and expenses (including without limitation reasonable attorneys fees and charges) resulting from any breach of any representation, warranty or agreement of such indemnifying party or any misrepresentation by such indemnifying party in this Agreement.

7. Miscellaneous.

7.1. This Agreement and the other agreements referred to herein set forth the entire understanding among the parties with respect to the subject matter thereof.

7.2. This Agreement can be changed only by an instrument in writing signed by the party against whom enforcement of such change is sought.

7.3. This Agreement shall bind and inure to the benefit of the parties hereto and their respective successors, assigns, heirs and representatives.

7.4. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which shall together constitute one and the same instrument.

8. Governing Law.

8.1. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic substantive laws of the State of New York without giving effect to

any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction

8.2. Consent to Jurisdiction. Each of the parties agrees that all actions, suits or proceedings arising out of or based upon this Agreement or the subject matter hereof shall be brought and maintained exclusively in the federal and state courts of the State of New York, *provided* that the Company may bring any such action, suit or proceeding against any Subscriber in any jurisdiction in which such Subscriber is subject to personal jurisdiction. Each of the parties hereto by execution hereof (i) hereby irrevocably submits to the jurisdiction of the federal and state courts in the State of New York for the purpose of any action, suit or proceeding arising out of or based upon this Agreement or the subject matter hereof and (ii) hereby waives to the extent not prohibited by applicable law, and agrees not to assert, by way of motion, as a defense or otherwise, in any such action, suit or proceeding, any claim that he or it is not subject personally to the jurisdiction of the above-named courts, that he or it is immune from extraterritorial injunctive relief or other injunctive relief, that his or its property is exempt or immune from attachment or execution, that any such action, suit or proceeding may not be brought or maintained in one of the above-named courts, that any such action, suit or proceeding brought or maintained in one of the above-named courts should be dismissed on grounds of *forum non conveniens,* should be transferred to any court other than one of the above-named courts, should be stayed by virtue of the pendency of any other action, suit or proceeding in any court other than one of the above-named courts, or that this Agreement or the subject matter hereof may not be enforced in or by any of the above-named courts. Each of the parties hereto hereby consents to service of process in any such suit, action or proceeding in any manner permitted by the laws of the State of New York, agrees that service of process by registered or certified mail, return receipt requested, at the address specified in Schedule 1 hereto is reasonably calculated to give actual notice and waives and agrees not to assert by way of motion, as a defense or otherwise, in any such action, suit or proceeding any claim that such service of process does not constitute good and sufficient service of process. The provisions of this Section 8.2 shall not restrict the ability of any party to enforce in any court any judgment obtained in a federal or state court of the State of New York.

8.3. Waiver of Jury Trial. To the extent not prohibited by applicable law which cannot be waived, each of the parties hereto hereby waives, and covenants that he or it will not assert (whether as plaintiff, defendant, or otherwise), any right to trial by jury in any forum in respect of any issue, claim, demand, cause of action, action, suit or proceeding arising out of or based upon this Agreement or the subject matter hereof, in each case whether now existing or hereafter arising and whether in contract or tort or otherwise. Any of the parties hereto may file an original counterpart or a copy of this Section 8.3 with any court as written evidence of the consent of each of the parties hereto to the waiver of his or its right to trial by jury.

8.4. Reliance. Each of the parties hereto acknowledges that he has been informed by each other party that the provisions of Section 8 constitute a material inducement upon which such party is relying and will rely in entering into this Agreement and the transactions contemplated hereby.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound by the terms hereof, have caused this Agreement to be executed, under seal, as of the date first above written by their officers or other representatives thereunto duly authorized.

THE COMPANY:

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

By: /s/ Manuel A. Henriquez
Name: Manuel A. Henriquez
Title: Chief Executive Officer

THE INVESTORS:

JOLSON MERCHANT PARTNERS GROUP LLC

By: /s/ Joseph Jolson
Name: Joseph Jolson
Title: Chief Executive Officer

THE HENRIQUEZ FAMILY TRUST

By: /s/ Manuel A. Henriquez
Name: Manuel A. Henriquez
Title: Trustee

/s/ Glen C. Howard
Glen C. Howard

SCHEDULE 1

SUBSCRIBERS

Name and Address	Shares of Series A-1 Preferred Stock	Shares of Series A-2 Preferred Stock	Total Price
Jolson Merchant Partners Group LLC One Embarcadero Center San Francisco, CA 94301	800	—	$4,650,000
The Henriquez Family Trust c/o Manuel A. Henriquez, Trustee 170 Hanna Way Menlo Park, CA 94025	—	100	$ 125,000
Glen C. Howard 215 Golden Hills Drive Portola Valley, CA 94028	—	100	$ 125,000

EXHIBIT A

ARTICLES OF AMENDMENT AND RESTATEMENT

[See Attached]

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

ARTICLES OF AMENDMENT AND RESTATEMENT

THIS IS TO CERTIFY THAT:

A. Hercules Technology Growth Capital, Inc., a Maryland corporation, desires to amend and restate its charter as currently in effect and as hereinafter amended.

B. The following provisions are all the provisions of the charter currently in effect and as hereinafter amended:

FIRST: The name of the corporation (which is hereinafter called the "Corporation") is:

Hercules Technology Growth Capital, Inc.

SECOND: The purposes for which the Corporation is formed are to conduct and carry on the business of a business development company, subject to making an election under the Investment Company Act of 1940, as amended (the "1940 Act"), and to engage in any lawful act or activity for which corporations may be organized under the general laws of the State of Maryland as of now or hereafter in force.

THIRD: The address of the principal office of the Corporation in this State is c/o The Corporation Trust Incorporated, 300 East Lombard Street, Baltimore, Maryland 21202.

FOURTH: The name and address of the resident agent of the Corporation are c/o The Corporation Trust Incorporated, 300 East Lombard Street, Baltimore, Maryland 21202. The resident agent is a Maryland corporation.

FIFTH: (a) The total number of shares of stock that the Corporation shall have authority to issue is 3,000, of which 2,000 shall be shares of common stock, $.001 par value per share (the "Common Stock"), and 1,000 shall be shares of preferred stock, $.001 par value per share (the "Preferred Stock"). The aggregate par value of all authorized shares of stock having a par value is $3. If shares of one class of stock are classified or reclassified into shares of another class of stock pursuant to this Article FIFTH, the number of authorized shares of the former class shall be automatically decreased and the number of shares of the latter class shall be automatically increased, in each case by the number of shares so classified or reclassified, so that the aggregate number of shares of stock of all classes that the Corporation has authority to issue shall not be more than the total number of shares of stock set forth in the first sentence of this paragraph.

(b) Each share of Common Stock shall entitle the holder thereof to one vote.

(c) The Preferred Stock is initially classified and designated in two series as set forth in Article SIXTH hereof.

(d) All persons who shall acquire stock in the Corporation shall acquire the same subject to the provisions of the Charter and the bylaws of the Corporation (the "Bylaws").

(e) The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of issuance upon the exercise of options granted to management and employees pursuant to a stock option plan approved by the Board of Directors, not less than the number of shares of Common Stock that would be required to ensure that management and employees of the Corporation may hold, subject to grant and vesting, options exercisable for Common Stock representing no less than 13% of all equity interests in the Corporation, on a fully-diluted basis, outstanding from time to time (the "Requisite Number"); provided, however, that at such time as the Corporation has issued equity securities in exchange for consideration of no less than $150,000,000 in the aggregate, shares reserved theretofore shall continue to be reserved for management and employees in an amount at least equal to such Requisite Number and any reservations of additional shares of Common Stock beyond such Requisite Number of shares reserved for management and employees shall only be subject to the approval of the Board of Directors in the ordinary course and the stockholders, to the extent necessary.

SIXTH: 800 shares of Preferred Stock shall be designated "Series A-1 Preferred Stock" (the "Series A-1 Preferred"). 200 shares of Preferred Stock shall be designated "Series A-2 Preferred Stock" (the "Series A-2 Preferred"). The preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption of the shares of Series A-1 Preferred and Series A-2 Preferred (collectively, the "Convertible Preferred Stock") shall be as set forth below:

a. Liquidation, Dissolution or Winding-Up. In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, distributions to the stockholders of the Corporation shall be made in the following manner:

   i. Series A-1 Preferred Stock Preference. Each holder of the Series A-1 Preferred shall first be entitled to receive, prior and in preference to any distribution of any of the assets of the Corporation to the holders of any other series of Preferred Stock or Common Stock by reason of their ownership thereof or otherwise on or with respect to such stock, an amount equal to the purchase price per share paid by such holder in respect of the issuance of such shares (the "Original Cost") of Series A-1 Preferred then held by such holder (subject to equitable adjustment in the event of any stock dividend, stock split, combination, reorganization, recapitalization, reclassification, or other similar event affecting such shares of Series A-1 Preferred), plus all declared but unpaid dividends on such shares of Series A-1 Preferred. If upon such liquidation, the amount available for distribution to the holders of the Series A-1 Preferred of the

Corporation is insufficient to permit payment in full to the holders of the Series A-1 Preferred of all amounts to which they are entitled pursuant to the Charter, then the entire assets of the Corporation to be distributed shall be distributed ratably among the holders of the Series A-1 Preferred based on the number of shares of Series A-1 Preferred then held.

ii. Series A-2 Preferred Stock Preference. After payment has been made to the holders of the Series A-1 Preferred of the full amounts to which they shall be entitled as aforesaid pursuant to clause (i) above, each holder of the Series A-2 Preferred shall be entitled to receive, prior and in preference to any distribution of any of the assets of the Corporation to the holders of any other series of Preferred Stock or Common Stock by reason of their ownership thereof or otherwise on or with respect to such stock, an amount equal to the Original Cost of the Series A-2 Preferred then held by such holder (subject to equitable adjustment in the event of any stock dividend, stock split, combination, reorganization, recapitalization, reclassification, or other similar event affecting such shares of Series A-2 Preferred), plus all declared but unpaid dividends on such shares of Series A-2 Preferred. If upon such liquidation, the amount available for distribution to the holders of the Series A-2 Preferred of the Corporation is insufficient to permit payment in full to the holders of the Series A-2 Preferred of all amounts to which they are entitled pursuant to the Charter, then the entire assets of the Company to be distributed, after distribution to stock ranking senior to the Series A-2 Preferred upon liquidation, shall be distributed ratably among the holders of the Series A-2 Preferred based on the number of shares of Series A-2 Preferred then held and the respective full amounts which such holders are entitled to receive.

iii. Remaining Liquidating Distribution. After payment has been made in full to the holders of the Series A-1 Preferred and the Series A-2 Preferred of the full amounts to which they shall be entitled pursuant to the Charter, all remaining assets available for distribution (after payment or provision for payment of all debts and liabilities of the Corporation) shall be distributed to the respective holders of Preferred Stock and Common Stock ratably in proportion to the number of shares of Common Stock they then hold (assuming conversion of all such Preferred Stock), subject to the liquidation rights of other series of Preferred Stock.

iv. Treatment of Mergers, Consolidations, and Sales of Assets. The merger or consolidation of the Corporation into or with another entity (other than one in which the holders of the stock of the Corporation immediately prior to the merger or consolidation continue to hold, directly or indirectly, more than 50% of the voting power of the stock or other voting securities of the surviving entity of such merger or consolidation in substantially the same proportions as prior to such merger), or the sale, lease, exchange, or other conveyance of all or substantially all the assets of the Corporation, shall be deemed to be a liquidation, dissolution, or winding-up of the

Corporation for purposes of this clause (a) of Article SIXTH, in which case the holders of the Convertible Preferred Stock shall be entitled to receive the amounts payable to such holders pursuant to clauses (a)(i), (a)(ii) and (a)(iii) above, unless the Requisite Preferred Holders (as defined below) elect otherwise, by affirmative vote or consent, and with the written consent of the Corporation. The term "Requisite Preferred Holders" means (1) those holders of shares of Series A-1 Preferred that are convertible into more than 50% of the shares of Common Stock into which all Series A-1 Preferred is then convertible (determined assuming the conversion in full of all such shares of Series A-1 Preferred then held by all such holders), plus (2) those holders of shares of Series A-2 Preferred that are convertible into more than 50% of the shares of Common Stock into which all Series A-2 Preferred is then convertible (determined assuming the conversion in full of all such shares of Series A-2 Preferred then held by all such holders).

v. Distributions Other Than Cash. The amount deemed distributed to the holders of Convertible Preferred Stock upon any liquidation, dissolution, or winding-up (including any transaction treated as such pursuant to clause (a)(iv) above) in any form of property (tangible or intangible) other than cash shall be the Fair Value (as defined below) of such property. The term "Fair Value" means the fair market value of such property, as determined by the Board of Directors of the Corporation.

b. Voting Rights. Except as otherwise required by law or as set forth in clause (f) of this Article SIXTH, the holders of the Convertible Preferred Stock shall be entitled to receive notice of any stockholders' meeting and to vote on any matters on which the Common Stock may be voted (whether at a meeting or by written consent in lieu thereof). Each share of Convertible Preferred Stock shall entitle the holder thereof to that number of votes equal to the number of whole shares of Common Stock into which such share of Convertible Preferred Stock is then convertible (as adjusted from time to time in the manner set forth herein). In addition to any voting rights previously described in this clause (b), (i) so long as there is Series A-1 Preferred outstanding, the holders of a majority of the shares of the Series A-1 Preferred, voting as a separate series, shall be entitled to elect, at any time and from time to time when directors of the Corporation are to be elected, two (2) directors of the Corporation, and (ii) so long as there is Series A-2 Preferred outstanding, the holders of a majority of the shares of the Series A-2 Preferred, voting as a separate series, shall be entitled to elect, at any time and from time to time when directors of the Corporation are to be elected, two (2) directors of the Corporation. A vacancy in any directorship elected by the holders of a series of Preferred Stock shall be filled only by vote or written consent of the holders of such series of Preferred Stock.

c. Conversion of Preferred Stock. The holders of the Convertible Preferred Stock shall have conversion rights as follows:

i. Right of Conversion of Convertible Preferred Stock. Subject to the provisions of clause (c)(iv) of this Article SIXTH, each issued and outstanding share of Convertible Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance and without the payment of any additional consideration therefor, into one (1) fully paid and nonassessable share of Common Stock, subject to ratable adjustment from time to time in the event of any stock split or subdivision, reverse split or combination, or other similar pro rata recapitalization event affecting the applicable series of Convertible Preferred Stock or Common Stock.

ii. Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Convertible Preferred Stock. In lieu of any fractional shares to which a holder would otherwise be entitled, the Corporation shall pay such holder cash equal to the product of such fraction multiplied by the Fair Value of a share of Common Stock at the time of such conversion.

iii. Mechanics of Conversion.

(1) In order for a holder of Convertible Preferred Stock to convert such shares into shares of Common Stock, such holder shall surrender the certificate or certificates for such shares of Convertible Preferred Stock, at the office of the transfer agent for the Convertible Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent), together with written notice that such holder elects to convert all or any number of the shares of the Convertible Preferred Stock represented by such certificate or certificates. Such notice shall state such holder's name or the names of the nominees in which such holder wishes the certificate or certificates for shares of Common Stock to be issued and the number of shares of Convertible Preferred Stock to be converted. If required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his or its attorney duly authorized in writing. The date of receipt of such certificates and notice by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) shall be the conversion date (the "Conversion Date") and the conversion shall be deemed effective as of the close of business on the Conversion Date. The Corporation shall, as soon as practicable after the Conversion Date, issue and deliver at such office to such holder of Convertible Preferred Stock, or to his or its nominees, a certificate or certificates for the number of shares of Common Stock to which

such holder shall be entitled, together with cash in lieu of any fraction of a share as provided in clause (c)(ii) above.

(2) The Corporation shall at all times when shares of Convertible Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued stock, for the purpose of effecting the conversion of such Convertible Preferred Stock, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Convertible Preferred Stock.

(3) All shares of Convertible Preferred Stock surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares, including the rights, if any, to receive notices and to vote such shares of Convertible Preferred Stock, shall immediately cease and terminate at the close of business on the applicable Conversion Date (except only the right of the holders thereof to receive shares of Common Stock in exchange therefor) and any shares of Convertible Preferred Stock so converted shall be retired and canceled and the number of shares of Convertible Preferred Stock that the Corporation has authority to issue shall be reduced accordingly without any further action by the Corporation.

iv. Automatic Conversion of Preferred Stock.

(1) All outstanding shares of Convertible Preferred Stock shall be automatically converted into shares of Common Stock immediately prior to the first to occur of (i) the closing of an equity financing of the Corporation in which the aggregate gross proceeds to the Corporation are not less than $50,000,000 (a "Qualified Financing"), and (ii) the Corporation's election to be regulated as a business development company under the Investment Company Act of 1940 (each such event being referred to herein as an "Automatic Conversion Event").

(2) On or after the date of occurrence of an Automatic Conversion Event, and in any event within 10 days after receipt of notice, by mail, postage prepaid from the Corporation of the occurrence of such event, each holder of record of shares of Convertible Preferred Stock being converted shall surrender such holder's certificates representing such shares at the principal office of the Corporation or at such other place as the Corporation shall designate, and shall thereupon be entitled to receive certificates representing the number of shares of Common Stock into which such shares of Convertible Preferred Stock are converted and cash as provided in clause (c)(ii) for any fraction of a share of Common

Stock otherwise issuable upon such conversion. On the date of the occurrence of an Automatic Conversion Event, each holder of record of shares of Convertible Preferred Stock shall be deemed to be the holder of record of the Common Stock issuable upon such conversion, notwithstanding that the certificates representing such shares of Convertible Preferred Stock shall not have been surrendered at the office of the Corporation, that notice from the Corporation shall not have been received by any holder of record of shares of Convertible Preferred Stock, or that the certificates representing such shares of Common Stock shall not then be actually delivered to such holder.

(3) All certificates representing shares of Convertible Preferred Stock that are required to be surrendered for conversion in accordance with the provisions hereof, from and after the date such certificates are so required to be surrendered shall be deemed to have been retired and canceled and the shares of Convertible Preferred Stock represented thereby converted into Common Stock for all purposes, notwithstanding the failure of the holder or holders thereof to surrender such certificates on or prior to such date. The number of shares of Convertible Preferred Stock that the Corporation has authority to issue shall be reduced accordingly, without any further action by the Corporation.

v. No Impairment. The Corporation will not, by amendment of the Charter or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation but will at all times in good faith assist in the carrying out of all the provisions of this clause (c) and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of the Convertible Preferred Stock against impairment.

vi. Taxes Incident to Conversion. The Corporation shall pay any and all issue taxes and other similar taxes that may be payable by the Corporation on its issue or delivery of shares of Common Stock on conversion of any shares of Convertible Preferred Stock. The Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of, or any exchange, conversion or recapitalization of, shares of Common Stock in a name other than that in which the Convertible Preferred Stock so converted was registered. No such issue or delivery shall be made unless and until the person requesting such issue has paid to the Corporation the amount of any such tax, or has established, to the satisfaction of the Corporation, that such tax has been paid.

vii. Valid Issue for Conversion. All shares of Common Stock which may be issued upon conversion of the shares of Convertible Preferred Stock will, upon issuance by the Corporation, be validly issued, fully paid (to the extent such Convertible Preferred Stock was fully paid), nonassessable, and free from all taxes, liens and charges with respect to their issuance due to any of the Corporation.

d. Dividends. If the Company shall declare a dividend or make any other distribution to holders of Common Stock, then the Company shall declare, and the holders of Convertible Preferred Stock shall be entitled to receive, a dividend or distribution in an amount equal to the amount of such dividend or distribution received by a holder of the number of shares of Common Stock for which such share of Convertible Preferred Stock is convertible on the record date for such dividend or distribution. In the event the Company shall declare a distribution payable in securities of other persons, evidences of indebtedness issued by the Company or other persons, assets (excluding cash dividends) or options or rights to purchase any such securities or evidences of indebtedness, then, in each such case the holders of Convertible Preferred Stock shall be entitled to a proportionate share of any such distribution as though the holders of Convertible Preferred Stock were the holders of the number of shares of Common Stock of the Company into which their respective shares of Convertible Preferred Stock are convertible as of the record date fixed for the determination of the holders of Common Stock of the Company entitled to receive such distribution.

e. Reacquired Shares. Any shares of Convertible Preferred Stock redeemed, purchased, or otherwise acquired by the Corporation in any manner whatsoever (except by conversion into Common Stock as provided herein) shall be retired and canceled promptly after the acquisition thereof, and shall be restored to the status of authorized shares of Preferred Stock not having designation.

f. Restrictions and Limitations.

i. Series A-1 Preferred Vote Required. Except as expressly provided herein or required by law, prior to an Automatic Conversion Event and for as long as shares of Series A-1 Preferred remain outstanding, without the approval (by vote or written consent, as provided by law) of the holders of at least a majority of the voting power of the then outstanding shares of Series A-1 Preferred, the Corporation shall not do any of the following:

(1) pay or declare any dividend or make any distribution on any Common Stock or Convertible Preferred Stock.

(2) increase or decrease the authorized number of shares of Common Stock or Convertible Preferred Stock;

(3) increase or decrease the size of the board of directors of the Corporation;

(4) amend the Charter or Bylaws of the Corporation or the certificate of incorporation or bylaws, or equivalent documents, of any of the Corporation's subsidiaries;

(5) materially change the investment strategy of the Corporation or make a fundamental change in the Corporation's line of business;

(6) sell, transfer or otherwise dispose of 5.0% or more of the Corporation's assets, other than (a) in the course of securing or pledging such assets in a securitization financing, or (b) to pay expenses incurred in connection with an initial public offering or private placement of the Corporation's Common Stock;

(7) acquire a majority interest, or an interest convertible into a majority interest, in another entity;

(8) merge, reverse merge, consolidate with or into another corporation, or enter into any transaction which results in more than fifty percent (50%) of the voting power of the Corporation being disposed, or sell, assign or transfer all or substantially all of the Corporation's securities;

(9) cease the conduct of the Corporation's business, or voluntarily wind up or liquidate the Corporation;

(10) approve any material employment or compensation arrangements in excess of $250,000;

(11) redeem, repurchase, or otherwise acquire for value shares of Common Stock or Convertible Preferred Stock, unless such redemption, purchase or acquisition is made pursuant to an agreement approved by the Board of Directors of the Corporation.

(12) reclassify, cancel or in any manner alter or change the terms, designations, powers, preferences or relative, optional or other special rights, or the qualifications, limitations or restrictions thereof, of the Series A-1 Preferred, whether by merger, reclassification, recapitalization or otherwise;

(13) create any new class or series of Preferred Stock or any other securities convertible into equity securities of the Corporation that are on par with or have a preference over the Series A-1 Preferred;

(14) issue or agree to issue additional shares of Series A-1 Preferred or any securities convertible into or exchangeable for shares of Series A-1 Preferred other than to existing holders of Series A-1 Preferred following the date hereof; or

(15) issue or agree to issue any stock, rights, options or warrants or any other securities entitling the holder thereof to purchase securities of the Corporation, but excluding issuances pursuant to stock option plans approved by the Board (including at least one director elected by the holders of the Series A-1 Preferred).

The holders of the Series A-1 Preferred shall vote as a separate class with respect to any matter or proposed action as to which applicable law or this Charter requires the vote, consent, or approval of the holders of the Series A-1 Preferred as a separate class.

ii. Series A-2 Preferred Vote Required. Except as expressly provided herein or required by law, prior to an Automatic Conversion Event and for as long as shares of Series A-2 Preferred remain outstanding, without the approval (by vote or written consent, as provided by law) of the holders of at least a majority of the voting power of the then outstanding shares of Series A-2 Preferred, the Corporation shall not do any of the following:

(1) reclassify, cancel or in any manner alter or change the terms, designations, powers, preferences or relative, optional or other special rights, or the qualifications, limitations or restrictions thereof, of the Series A-2 Preferred, whether by merger, reclassification, recapitalization or otherwise;

(2) create any new class or series of Preferred Stock or any other securities convertible into equity securities of the Corporation that are on par with or have a preference over the Series A-2 Preferred (excluding the Series A-1 Preferred);

(3) issue or agree to issue any additional shares of Series A-2 Preferred or any securities convertible into or exchangeable for shares of Series A-2 Preferred;

(4) amend, modify or, by virtue of any other action, eliminate clause (e) of Article FIFTH of the Charter; or

(5) issue or agree to issue any stock, rights, options or warrants or any other securities entitling the holder thereof to purchase securities of the Corporation, in each case that rank as to dividends or upon liquidation or otherwise senior to or on par with the Series A-2 Preferred, but excluding issuances pursuant to stock option plans approved by the Board (including at least one director elected by the holders of the Series A-2 Preferred).

The holders of the Series A-2 Preferred shall vote as a separate class with respect to any matter or proposed action as to which applicable law or this Charter

requires the vote, consent, or approval of the holders of the Series A-2 Preferred as a separate class.

g. Preemptive Rights. Prior to an Automatic Conversion Event, the holders of Convertible Preferred Stock shall have preemptive rights to purchase New Securities (as defined below) that the Corporation may, from time to time, propose to sell and issue, to the extent necessary to maintain their proportionate equity interest in the Corporation (on an as-converted basis) of each such stockholder on terms no less favorable than those offered to any other person. This preemptive right shall be subject to and in accordance with the following provisions:

i. "New Securities" shall mean any shares of stock of any kind or any kind of securities of the Corporation, whether now or hereafter authorized, and rights, options, or warrants to purchase shares of stock, and any securities of any type whatsoever that are, or may become, convertible into or exchangeable for shares of stock; provided, however, that "New Securities" shall not include (i) securities issuable upon conversion of the Convertible Preferred Stock; (ii) securities offered in a Qualified Financing; (iii) issuance of shares or options to purchase such shares to the Corporation's employees, directors and consultants pursuant to a stock option plan approved by the Board of Directors; and (iv) shares issuable in connection with any stock split, stock dividend, recapitalization, reclassification or similar event by the Corporation.

ii. If the Corporation proposes to issue New Securities, it shall give the holders of Convertible Preferred Stock written notice ("Rights Notice") of its intention, describing the New Securities, the price, the general terms upon which the Corporation proposes to issue them, and the number of shares of stock or other securities, as the case may be, that such stockholder has the right to purchase. Each such stockholder shall have ten (10) days from delivery of the Rights Notice to agree to purchase all or any part of its pro-rata share of such New Securities for the price and upon the general terms specified in the Rights Notice, by giving written notice to the Corporation setting forth the quantity of New Securities to be purchased. The Company shall sell to such stockholder such New Securities within twenty (20) days of such stockholder notifying the Corporation of its desire to purchase such New Securities.

iii. If the holders of Convertible Preferred Stock fail to exercise their respective preemptive rights within the period specified in clause (g)(ii) above, the Corporation shall have ninety (90) days after delivery of the Rights Notice to sell the unsold New Securities to third parties at a price and upon general terms no more favorable than what had been specified in the Rights Notice. If the Corporation has not sold the New Securities within the said ninety (90) day period, the Corporation shall not thereafter issue or sell any New Securities without first offering such securities to holders of Convertible Preferred Stock in the manner provided above.

SEVENTH: (a) The business and affairs of the Corporation shall be managed under the direction of the Board of Directors. The Corporation shall have a board of one director unless the number is increased or decreased in accordance with the Bylaws of the Corporation. However, the number of directors shall never be less than the minimum number required by the Maryland General Corporation Law. The initial director is Manuel A. Henriquez.

EIGHTH: The Corporation reserves the right to make any amendment of the charter, now or hereafter authorized by law, including any amendment which alters the contract rights, as expressly set forth in the Charter, of any shares of outstanding stock.

NINTH: (a) The Corporation shall, to the maximum extent permitted by Maryland law in effect from time to time (subject to the 1940 Act and the rules and regulations thereunder), indemnify, and pay or reimburse reasonable expenses in advance of final disposition of a proceeding to, (i) any individual who is a present or former director or officer of the Corporation or (ii) any individual who, while a director of the Corporation and at the request of the Corporation, serves or has served as a director, officer, partner or trustee of another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or any other enterprise from and against any claim or liability to which such person may become subject or which such person may incur by reason of his status as a present or former director or officer of the Corporation. The Corporation shall have the power, with the approval of the Board of Directors, to provide such indemnification and advancement of expenses to a person who served a predecessor of the Corporation in any of the capacities described in (i) or (ii) above and to any employee or agent of the Corporation or a predecessor of the Corporation. The foregoing rights of indemnification shall not be exclusive of any other rights to which those seeking indemnification may be entitled. The Board of Directors may take such action as is necessary to carry out these indemnification provisions and is expressly empowered to adopt, approve and amend from time to time such bylaws, resolutions or contracts implementing such provisions or such further indemnification arrangements as may be permitted by law. No amendment to or repeal of this Article TENTH shall limit or eliminate the right to indemnification provided hereunder with respect to acts or omissions occurring prior to such amendment or repeal.

(b) To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of directors and officers (subject to the 1940 Act and the rules and regulations thereunder), no director or officer of the Corporation shall be liable to the Corporation or its stockholders for money damages. Neither the amendment nor repeal of this Article, nor the adoption or amendment of any other provision of the charter or Bylaws of the Corporation inconsistent with this Article, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

C. The amendment to and restatement of the Charter as hereinabove set forth have been duly approved by a majority of the entire Board of Directors. No stock entitled to be voted on the matter was outstanding or subscribed for at the time of the approval.

D. The current address of the principal office of the Corporation is as set forth in Article THIRD of the foregoing amendment and restatement of the Charter.

E. The name and address of the Corporation's current resident agent is as set forth in Article FOURTH of the foregoing amendment and restatement of the Charter.

F. The number of directors of the Corporation and the name of those currently in office are as set forth in Article SEVENTH of the foregoing amendment and restatement of the Charter.

G. The total number of shares of stock which the Corporation had authority to issue immediately prior to this amendment was 1,000 shares of Common Stock, $.001 par value per share. The aggregate par value of all shares of stock having par value was $1.00.

H. The total number of shares of stock which the Corporation has authority to issue pursuant to the foregoing amendment and restatement of the Charter is 3,000 consisting of 2,000 shares of Common Stock, $.001 par value per share, and 1,000 shares of Preferred Stock, $.001 par value per share. The aggregate par value of all authorized shares of stock having par value is $3.

I. The undersigned Chief Executive Officer acknowledges these Articles of Amendment and Restatement to be the corporate act of the Corporation and, as to all matters or facts required to be verified under oath, the undersigned Chief Executive Officer acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment and Restatement to be signed in its name and on its behalf by its Chief Executive Officer and attested to by its Secretary on this ____ day of February, 2004.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

Manuel A. Henriquez
Chief Executive Officer

WITNESS:

Scott Harvey, Secretary

Exhibit r

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CODE OF ETHICS

Effective February 22, 2005

INTRODUCTION

Fiduciary Duty

This Code of Ethics is based on the principle that you, as a director or officer of Hercules Technology Growth Capital, Inc. (the "Company"), owe a fiduciary duty to the stockholders (the "Stockholders") of the Company. Accordingly, you must avoid activities, interests and relationships that might interfere or appear to interfere with making decisions in the best interests of our Stockholders.

At all times, you must:

1. **Place the interests of our Stockholders first.** In other words, as a fiduciary you must scrupulously avoid serving your own personal interests ahead of the interests of our Stockholders. You may not cause the Company to take action, or not to take action, for your personal benefit rather than the benefit of the Stockholders. For example, you would violate this Code if you caused the Company to purchase a Security you owned for the purpose of increasing the price of that Security. You would also violate this Code if you made a personal investment in a Security that might be an appropriate investment for the Company without first considering the Security as an investment for the Company.

2. **Conduct all of your personal Securities transactions in full compliance with this Code.** The Company encourages you and your family to develop personal investment programs. However, you must not take any action in connection with your personal investments that could cause even the appearance of unfairness or impropriety. Accordingly, you must comply with the policies and procedures set forth in this Code under the heading *Personal Securities Transactions.* In addition, you must comply with all other applicable laws and regulations including those concerning insider trading. Doubtful situations should be resolved against your personal trading.

3. **Avoid taking inappropriate advantage of your position.** The receipt of investment opportunities, gifts or gratuities from persons seeking business with the Company, any Stockholder or any affiliate could call into question the independence of your business judgment. Accordingly, you must comply with the policies and procedures set forth in this Code under the heading *Fiduciary Duties.* Doubtful situations should be resolved against your personal interest.

Appendices

The following appendices are attached to this Code and are a part of this Code:

I. Form for Preclearance of Securities transactions.

II. Form for Initial and Annual Report of Personal Securities holdings.

III. Form for report of Personal Securities Transactions/Brokerage Accounts Report.

IV. Form for Acknowledgment of Receipt of this Code.

V. Form for Annual Certification of Compliance with this Code.

VI. Definitions.

Questions

Questions regarding this Code should be addressed to the Company's Chief Compliance Officer. The Compliance Committee is comprised of the Chief Executive Officer, the Chief Financial Officer and the Chief Compliance Officer.

PERSONAL SECURITIES TRANSACTIONS

Trading in General

You may not engage, and you may not permit any other person or entity to engage, in any purchase or sale of a Security (other than an Exempt Security) in which you have, or by reason of the transaction will acquire, Beneficial Ownership, unless (i) the transaction is an Exempt Transaction or (ii) you have complied with the procedures set forth under *Preclearance Procedures*.

Securities

The following are *Securities*:

Any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, any put, call, straddle, option or privilege on any security (including a certificate of deposit) or on any group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option or privilege entered into on a national securities exchange relating to foreign currency, or, in general, any interest or instrument commonly known as a security, or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any security.

The following are not *Securities*:

Commodities, futures and options traded on a commodities exchange, including currency futures. However, securities futures[1] and futures and options on any group or index of Securities (as defined in the 1940 Act) are Securities.

Purchase or Sale of a Security

The purchase or sale of a Security includes, among other things, the writing of an option to purchase or sell a Security.

Exempt Securities

The following are *Exempt Securities*:

1. Direct obligations of the Government of the United States.
2. Bankers' acceptances, bank certificates of deposit, commercial paper, and high quality short-term debt instruments (defined as any instrument that has a maturity at issuance of less than 366 days and that is rated in one of the two highest rating categories by a Nationally Recognized Statistical Rating Organization), including repurchase agreements.
3. Shares of registered open-end investment companies.

Beneficial Ownership

The following section is designed to give you a practical guide with respect to Beneficial Ownership. However, for purposes of this Code, Beneficial Ownership shall be interpreted in the same manner as it would be under Rule 16a-1(a)(2) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), in determining whether a person is the beneficial owner of a security for purposes of Section 16 of the Exchange Act and the rules and regulations thereunder.

You are considered to have Beneficial Ownership of Securities if you have or share a direct or indirect *Pecuniary Interest* in the Securities.

You have a Pecuniary Interest in Securities if you have the opportunity, directly or indirectly, to profit or share in any profit derived from a transaction in the Securities.

The following are examples of an indirect Pecuniary Interest in Securities:

1. Securities held by members of your *immediate family* sharing the same household; however, this presumption may be rebutted by convincing evidence that profits derived from transactions in these Securities will not provide you with any economic benefit.

[1] A *security future* is a contract of sale for future delivery of a single security or a narrow-based security index.

Immediate family means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and includes any adoptive relationship.

2. Your interest as a general partner in Securities held by a general or limited partnership.

3. Your interest as a manager-member in the Securities held by a limited liability company.

You do *not* have an indirect Pecuniary Interest in Securities held by a corporation, partnership, limited liability company or other entity in which you hold an equity interest, unless you are a controlling equityholder or you have or share investment control over the Securities held by the entity.

The following circumstances constitute Beneficial Ownership by you of Securities held by a trust:

1. Your ownership of Securities as a trustee where either you or members of your immediate family have a vested interest in the principal or income of the trust.

2. Your ownership of a vested beneficial interest in a trust.

3. Your status as a settlor of a trust, unless the consent of all of the beneficiaries is required in order for you to revoke the trust.

Exempt Transactions

The following are *Exempt Transactions*:

1. Any transaction in Securities in an account over which you do not have any direct or indirect influence or control. There is a presumption that you can exert some measure of influence or control over accounts held by members of your immediate family sharing the same household, but this presumption may be rebutted by convincing evidence.

2. Purchases of Securities under dividend reinvestment plans.

3. Purchases of Securities by exercise of rights issued to the holders of a class of Securities*pro rata*, to the extent they are issued with respect to Securities of which you have Beneficial Ownership.

4. Acquisitions or dispositions of Securities as the result of a stock dividend, stock split, reverse stock split, merger, consolidation, spin-off or other similar corporate distribution or reorganization applicable to all holders of a class of Securities of which you have Beneficial Ownership.

5. Subject to the restrictions on participation in private placements set forth below under *Private Placements*, acquisitions or dispositions of Securities of a *private issuer*. A *private issuer* is an issuer which has no outstanding publicly traded Securities, and no outstanding Securities which are convertible into or exchangeable for, or represent the right to purchase or otherwise acquire, publicly traded Securities. However, you will have Beneficial Ownership of Securities held by a private issuer whose equity Securities you hold, unless you are not a controlling equityholder and do not have or share investment control over the Securities held by the entity.

6. Any transaction in Securities (other than Exempt Securities) by a director of the Company who is not an *interested person* (as defined in Appendix VI) of the Company within the meaning of Section 2(a)19 of the 1940 Act, so long as the director did not know and, in the ordinary course of fulfilling his or her official duties as a director, should not have known, that during the 15-day period immediately preceding or after the date of the transaction, such Securities were purchased or sold, or considered for purchase or sale, on behalf of the Company.

7. Transactions in Securities traded within the preceding fifteen days for the Company provided that (i) the trading for the Company has been completed and (ii) the trade in which the director or officer has or acquires Beneficial Ownership is not contrary to the trade done for the Company.

8. Such other classes of transactions as may be exempted from time to time by the Compliance Committee based upon a determination that the transactions do not involve any realistic possibility of a violation of Rule 17j-1 under the 1940 Act. The Compliance Committee may exempt designated classes of transactions from any of the provisions of this Code except the provisions set forth below under *Reporting*.

9. Such other specific transactions as may be exempted from time to time by a Compliance Officer. On a case-by-case basis when no abuse is involved, a Compliance Officer may exempt a specific transaction from any of the provisions of this Code except the provisions set forth below under *Reporting*.

Additional Exempt Transactions

The following classes of transactions have been designated as Exempt Transactions by the Compliance Committee:

10. Purchases or sales of Securities which are not eligible for purchase or sale by the Company.

11. Except for Designated Equity Securities, all equity Securities or options, warrants or other rights to equity Securities.

A *Designated Equity Security* means any equity Security, option, warrant or other right to an equity Security designated as such by a Compliance Officer, after receiving notification that said Security is being considered for purchase or sale by or on behalf of the Company.

12. If you are not an *Investment Person* (as defined in Appendix VI), short sales of any Securities otherwise permitted hereunder or puts, calls, or options where the underlying amount of Securities controlled is an amount otherwise permitted hereunder.

CAUTION

The transactions that are classified as exempt may change from time to time. Accordingly, you may purchase Securities in an Exempt Transaction, only to find that you cannot sell them later in an Exempt Transaction. In that case, you will be able to sell them only if you preclear the sale in compliance with the procedures set forth in the Code.

Circumstances Requiring Preclearance

If you have (or wish to acquire) Beneficial Ownership of Securities which are not Exempt Securities and which cannot be sold in Exempt Transactions, such Securities may be sold (or acquired) in compliance with the procedures set forth below under *Preclearance Procedures*.

The Compliance Committee may designate as Exempt Transactions purchases and sales of Securities that are purchased or sold in compliance with the procedures set forth below under *Preclearance Procedures.*

Preclearance Procedures

If a Securities transaction requires preclearance:

1. The Securities may not be purchased or sold if at the time of preclearance there is a pending buy or sell order on behalf of the Company in the same Security or an equivalent Security or if you knew or should have known that the Company would be trading in that security or an equivalent Security on the same day.

   An equivalent Security of a given Security is: (i) a Security issuable upon exercise, conversion or exchange of the given Security, or (ii) a Security exercisable to purchase, convertible into or exchangeable for the given Security, or (iii) a Security otherwise representing an interest in or based on the value of the given Security.

2. The Securities may not be purchased or sold during the period which begins three days before and ends three days after the day on which the Company trades in the same Security, or an equivalent Security; except that you may, if you preclear the transaction, (i) trade same way to the Company after its

trading is completed or (ii) trade opposite way to the Company before its trading is commenced.

If you preclear a Securities transaction and trade same way to the Company before its trading is commenced, the transaction is not a violation of this Code unless you knew or should have known that the Company would be trading in that Security or an equivalent Security within three days after your trade.

3. The Securities may be purchased or sold only if you have asked a Compliance Officer to preclear the purchase or sale, the Compliance Officer has given you preclearance in writing, and the purchase or sale is executed by the close of business on the day preclearance is given. Preclearance will not be given unless a determination is made that the purchase or sale complies with this Code and the foregoing restrictions. The form for requesting preclearance is attached to this Code as Appendix I.

Initial Public Offerings

If you are an Investment Person of the Company, you may not acquire Beneficial Ownership of any Securities in an Initial Public Offering, unless you have received the prior written approval of a Compliance Officer.

For the purposes hereof, *Initial Public Offering* means an offering of securities registered under the Securities Act of 1933, as amended (the "Securities Act"), the issuer of which, immediately before the registration, was not subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act.

Private Placements

If you are an Investment Person of the Company, you may not acquire Beneficial Ownership of any Securities in a Private Placement, unless you have received the prior written approval of the Compliance Committee. Approval will be not be given unless a determination is made that the investment opportunity should not be reserved for the Company, and that the opportunity to invest has not been offered to you by virtue of your position.

For the purposes hereof, *Private Placement* means an offering that is exempted from registration under the Securities Act pursuant to Section 4(2) or Section 4(6) or pursuant to Rule 504, 505 or 506 under the Securities Act.

If you have acquired Beneficial Ownership of Securities in a Private Placement, you must *disclose* your investment when you play a part in any consideration of an investment by the Company in the issuer of the Securities, and any decision to make such an investment must be *independently reviewed* by a Compliance Officer who does not have Beneficial Ownership of any Securities of the issuer.

Short-Term Trading Profits

If you are an Investment Person of the Company, you may not profit from the purchase and sale, or sale and purchase, within 30 calendar days, of the same (or equivalent) Securities (other than Exempt Securities) of which you have Beneficial Ownership. You are prohibited from transactions involving puts, calls, straddles, options and/or short sales except for Exempt Transactions, transactions in Exempt Securities or transactions approved by a Compliance Officer. Any such short-term trade must be unwound, or, if that is not practical, the profits must be contributed to a charitable organization.

You are considered to profit from a short-term trade if Securities of which you have Beneficial Ownership are sold for more than their purchase price, even though the Securities purchased and the Securities sold are held of record or beneficially by different persons or entities.

Reporting

Use of Broker-Dealers

Unless you are an independent director, you may not engage, and you may not permit any other person or entity to engage, in any purchase or sale of publicly traded Securities (other than Exempt Securities) of which you have, or by reason of the transaction will acquire, Beneficial Ownership, except through a registered broker-dealer.

Reporting of Transactions and Brokerage Accounts

Unless you are an independent director, you must report your brokerage accounts and all Securities transactions that are not Exempt Transactions or transactions in Exempt Securities. To satisfy these requirements, (i) you must cause each registered broker-dealer who maintains an account for Securities of which you have Beneficial Ownership to provide to a Compliance Officer hereunder, within 10 days of the end of each calendar quarter, duplicate copies of: (a) confirmations of all transactions in the account and (b) periodic statements for the account and (ii) you must report (on the form attached as Appendix III) to a Compliance Officer hereunder, within 10 days of the occurrence, the opening of any brokerage account and all transactions effected without the use of a registered broker-dealer in Securities (other than Exempt Securities) of which you have Beneficial Ownership.

The confirmations and statements required by (i)(a) and (i)(b) above must in the aggregate provide all of the information required by the Personal Securities Transactions/Brokerage Account Report attached to this Code as Appendix III. If they do not, you must complete and submit a Personal Securities Transactions/Brokerage Accounts Report within 10 days of the end of each calendar quarter.

Initial and Annual Reports

Unless you are an independent director of the Company, you must disclose your holdings of all Securities (other than Exempt Securities) of which you have Beneficial Ownership no later than 10 days after becoming an Access Person, and annually thereafter. The form for this purpose is attached to this Code as Appendix II.

Independent Directors

If you are an independent director, you do not need to provide the initial, periodic and annual reports described above but you must provide a quarterly report of any transaction in Securities (other than Exempt Securities) of which you had, or by reason of the transaction acquired, Beneficial Ownership, and as to which you knew, or in the ordinary course of fulfilling your official duties as a director should have known, that during the 15-day period immediately preceding or after the date of the transaction, such Securities were purchased or sold, or considered for purchase or sale, on behalf of the Company. The report must be provided to a Compliance Officer hereunder within 10 days after the end of each calendar quarter. The form for this purpose is attached to this Code as Appendix III.

Disclaimer

Anyone filing a report required hereunder may disclaim Beneficial Ownership of any Security listed thereon.

FIDUCIARY DUTIES

Gifts

You may not accept any investment opportunity, gift, gratuity or other thing of more than nominal value, from any person or entity that does business, or desires to do business, with the Company or any affiliate thereof. You may accept gifts from a single giver so long as their aggregate annual value does not exceed $100, and you may attend business meals, sporting events and other entertainment events at the expense of a giver, so long as the expense is reasonable and both you and the giver are present.

Service as a Director

Unless you are an independent director, you may not serve on the board of directors or other governing board of a publicly traded company, unless you have received the prior written approval of the Compliance Committee. Approval will be not be given unless a determination is made that your service on the board would be consistent with the interests of the Company. If you are permitted to serve on the board of a publicly traded entity, you will be *isolated* from those portfolio employees who make investment decisions with respect to the securities of that entity, through a “Chinese Wall” or other procedures.

COMPLIANCE

Certificate of Receipt

You are required to acknowledge receipt of your copy of this Code. A form for this purpose is attached to this Code as Appendix IV.

Certificate of Compliance

Unless you are an independent director, you are required to certify upon commencement of your election as an officer and/or director or the effective date of this Code, whichever occurs later, and annually thereafter, that you have read and understand this Code and recognize that you are subject to this Code. Each annual certificate will also state that you have complied with the requirements of this

Code during the prior year, and that you have disclosed, reported, or caused to be reported all holdings required hereunder and all transactions during the prior year in Securities of which you had or acquired Beneficial Ownership. A form for this purpose is attached to this Code as Appendix V.

Remedial Actions

If you violate this Code, you are subject to remedial actions, which may include, but are not limited to, disgorgement of profits, imposition of a substantial fine, demotion, suspension or termination.

Reports to Directors

Reports of Material Remedial Action

The directors of the Company will be informed on a timely basis of each material remedial action taken in response to a violation of this Code. For this purpose, a *material remedial action* will include any action that has a significant financial effect on the violator, such as disgorgement of profits, imposition of a substantial fine, demotion, suspension or termination.

Annual Reports

Management of the Company and the principal underwriter (if any) of the Company will report in writing annually to the directors of the Company with regard to efforts to ensure compliance.

The annual report will, at a minimum:

1. Describe any issues arising under the Code of Ethics or procedures since the last report to the Board, including, but not limited to, information about material violations of the Code or procedures and sanctions imposed in response to the material violations; and
2. Certify that the Company or principal underwriter, as the case may be, has adopted procedures reasonably necessary to prevent Access Persons from violating the Code.

Appendix I

HERCULES TECHNOLOGY
GROWTH CAPITAL, INC.

PRECLEARANCE OF SECURITIES TRANSACTION FORM

(1) Name of employee requesting authorization: _____

(2) If different from #1, name of the account where the trade will occur: _____

(3) Relationship of (2) to (1): _____

(4) Name of firm at which the account is held: _____

(5) Name of Security and call symbol: _____

(6) Maximum number of shares or units to be purchased or sold or amount of bond: _____

(7) Check those that are applicable: _____

_____ Purchase _____ Sale _____ Market Order _____ Limit Order (Price of Limit Order: _____)

If the answer to any of the following questions is made by checking the answer in Column I, the Compliance Officer may have to reject the proposed transaction:

		Column I	**Column II**
(8)	Do you possess material nonpublic information regarding the security or the issuer of the security?[1]	____Yes	____No
(9)	To your knowledge, are the securities or "equivalent securities" subject to a pending buy or sell order by the Company?	____Yes	____No
(10)	To your knowledge, are there any outstanding purchase or sell orders for this security or any equivalent security by the Company?	____Yes	____No
(11)	To your knowledge, are the securities or equivalent securities being considered for purchase or sale by the Company?	____Yes	____No

[1] Please note that employees and directors generally are not permitted to acquire or sell securities when they possess material nonpublic information regarding the security or the issuers of the security.

		Column I	Column II
(12)	If you are an investment person, are the securities being acquired in an initial public offering?[2]	____ Yes	____ No
(13)	If you are an investment person, are the securities being acquired in a private placement?[2]	____ Yes	____ No
(14)	Has the Company purchased or sold these securities or equivalent securities within the past three calendar days or do you expect the Company to purchase or sell these securities or equivalent securities within seven calendar days of your purchase or sale?	____Yes	____No

I have read the Code of Ethics for the Company dated_____, within the prior 12 months and believe that the proposed trade fully complies with the requirements of the Code.

_____
Employee Signature

_____
Print Name

_____
Date Submitted

Authorized by: _____

Date: _____

[2] Please see a Compliance Officer if you are not sure whether you are an Investment Person.

Appendix II

HERECULES TECHNOLOGY GROWTH CAPITAL, INC.

INITIAL AND ANNUAL REPORT OF PERSONAL SECURITIES HOLDINGS

In accordance with the Code of Ethics, please provide a list of all Securities (other than Exempt Securities) of which you or any account in which you have a Pecuniary Interest has Beneficial Ownership and all Securities (other than Exempt Securities) in non-client accounts for which you make investment decisions. This includes not only securities held by brokers, but also Securities held at home, in safe deposit boxes, or by an issuer.

(1) Name of employee: _____

(2) If different than #1, name of the person in whose name the account is held: _____

(3) Relationship of (2) to (1): _____

(4) Broker(s) at which Account is Maintained: _____

_____

_____

_____

(5) Account Number(s): _____

_____

_____

_____

(6) Telephone number(s) of Broker: _____

_____

_____

_____

(7) For each account, attach your most recent account statement listing Securities in that account. This information must be current as of a date no more than 30 days before this report is submitted. If you own Securities that are not listed in an attached account statement, list them below:

	Name of Security	Quantity	Value	Custodian
1.	_____	_____	_____	_____
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

(Attach separate sheet if necessary.)

I certify that this form and the attached statements (if any) constitute all of the Securities of which I have Beneficial Ownership as defined in the Code.

_____
Employee Signature

_____
Print Name

Dated: _____

Appendix III

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

Personal Securities Transactions/Brokerage Account Report **Quarter Ended:_____**

You must cause each broker-dealer who maintains an account for Securities of which you have Beneficial Ownership to provide to a Compliance Officer, within 10 days of the end of each calendar quarter, duplicate copies of confirmations of all transactions in the account and duplicate statements for the account and you must report to the Compliance Officer, within 10 days of the occurrence, all transactions effected without the use of a registered broker-dealer in Securities (other than transactions in Exempt Securities).

If you have opened a new account with a broker-dealer since your last report, please complete the following information for each such account:

Name	Broker	Account Number	Date Account Opened

Please provide information concerning non-Exempt Transactions not effected through a registered broker-dealer (e.g., direct purchases of private placements or limited partnerships).

Security's Name*	Transaction Date	Buy or Sell?	No. of Shares	Price Per Share	Broker's Name

* Including interest rate, principal amount and maturity date, if applicable.

By signing this document, I am certifying that I have caused duplicate confirmations and duplicate statements to be sent to the Compliance Officer for every brokerage account that trades in Securities other than Exempt Securities (as defined in the Company's Code of Ethics).

Print Name: _____ Signature: _____ Date: _____

Return to: Chief Compliance Officer, Hercules Technology Growth Capital, Inc., 525 University Avenue, Suite 700, Palo Alto, California 94301

Exempt Securities include***:***

1. Direct obligations issued by the Government of the United States.
2. Bankers' acceptances, bank certificates of deposit, commercial paper, and high quality short-term debt instruments, including repurchase agreements.
3. Shares of registered open-end investment companies.

Exempt Transactions include***:***

1. Any transaction in Securities in an account over which you do not have any direct or indirect influence or control.
2. Purchases of Securities under dividend reinvestment plans.
3. Purchases of Securities by exercise of rights issued to the holders of a class of Securities*pro rata*.
4. Acquisition or dispositions of Securities as the result of a stock dividend, stock split, reverse stock split, merger, consolidation or spin-off.
5. Subject to the restrictions on participation in private placements set forth in the Code of Ethics under *Private Placements*, acquisitions or disposition of Securities of a *private issuer*.
6. Subject to the provisions set forth in the Code of Ethics under *Exempt Transactions,* any transaction in Securities (other than Exempt Securities) by a director of the Company who is not an "interested person" of the Company.
7. Classes of transactions as may be exempted from time to time by the Compliance Committee.

Please review the Company's Code of Ethics for further details on Beneficial Ownership of Securities and other exemptions. If you have additional questions, please contact a Compliance Officer.

Appendix IV

HERCULES TECHNOLOGY
GROWTH CAPITAL, INC.

ACKNOWLEDGMENT CERTIFICATION

I hereby certify that I have read and understand the Code of Ethics of Hercules Technology Growth Capital, Inc. dated_____. Pursuant to such Code, I recognize that I must disclose or report all personal securities holdings and transactions required to be disclosed or reported thereunder and comply in all other respects with the requirements of such Code. I also agree to cooperate fully with any investigation or inquiry as to whether a possible violation of the foregoing Code has occurred.

Date: _____

_____
Signature

_____
Print Name

Appendix V

HERCULES TECHNOLOGY
GROWTH CAPITAL, INC.

ANNUAL CERTIFICATION OF COMPLIANCE

I hereby certify that I have complied with the requirements of the Code of Ethics for the year ended December 31, 200_. Pursuant to such Code, I have disclosed or reported all holdings and personal securities transactions required to be disclosed or reported thereunder and complied in all other respects with the requirements of such Code. I also agree to cooperate fully with any investigation or inquiry as to whether a possible violation of the foregoing Code has occurred.

Date: _____

_____
Signature

_____
Print Name

DEFINITIONS

1. For the purposes hereof, **"Investment Person"** with respect to the Company means:

(i) any employee of the Company (or of any company in a control (as defined in Section 2(a)(9) of the 1940 Act) relationship to the Company) who, in connection with his or her regular functions or duties, makes or participates in making recommendations regarding the purchase or sale of securities by the Company; or

(ii) any natural person who controls (as defined in Section 2(a)(9) of the 1940 Act) the Company and who obtains information concerning recommendations made to the Company regarding the purchase or sale of securities by the Company.

* * *

2. For the purposes hereof, "**Disinterested Director"** or **"independent director"** with respect to the Company means a director who is not an "interested person" (as defined by Section 2(a)(19) of the 1940 Act, which definition is set forth below) of the Company and who would be required to provide the initial, quarterly and annual reports described in the Code solely by reason of being a director of the Company.

* * *

3. **"Interested person"** of another person means—

A. when used with respect to an investment company—

i. any affiliated person of such company,

ii. any member of the immediate family of any natural person who is an affiliated person of such company,

iii. any interested person of any investment adviser of or principal underwriter for such company,

iv. any person or partner or employee of any person who at any time since the beginning of the last two completed fiscal years of such company has acted as legal counsel for such company,

v. any person or any affiliated person of a person (other than a registered investment company) that, at any time during the 6-month period preceding the date of the determination of whether that person or affiliated person is an interested person, has executed any portfolio transactions for, engaged in any principal transactions with, or distributed shares for—

I. the investment company;

II. any other investment company having the same investment adviser as such investment company or holding itself out to investors as a related company for purposes of investment or investor services; or

III. any account over which the investment company's investment adviser has brokerage placement discretion,

vi. any person or any affiliated person of a person (other than a registered investment company) that, at any time during the 6-month period preceding the date of the determination of whether that person or affiliated person is an interested person, has loaned money or other property to—

I. the investment company;

II. any other investment company having the same investment adviser as such investment company or holding itself out to investors as a related company for purposes of investment or investor services; or

III. any account for which the investment company's investment adviser has borrowing authority,

vii. any natural person whom the Securities and Exchange Commission by order shall have determined to be an interested person by reason of having had, at any time since the beginning of the last two completed fiscal years of such company, a material business or professional relationship with such company or with the principal executive officer of such company or with any other investment company having the same investment adviser or principal underwriter or with the principal executive officer of such other investment company:

Provided, that no person shall be deemed to be an interested person of an investment company solely by reason of (aa) his being a member of its board of directors or advisory board or an owner of its securities, or (bb) his membership in the immediate family of any person specified in clause (aa) of this proviso; and

B. when used with respect to an investment adviser of or principal underwriter for any investment company—

i. any affiliated person of such investment adviser or principal underwriter,

ii. any member of the immediate family of any natural person who is an affiliated person of such investment adviser or principal underwriter,

iii. any person who knowingly has any direct or indirect beneficial interest in, or who is designated as trustee, executor, or guardian of any legal interest in, any security issued

either by such investment adviser or principal underwriter or by a controlling person of such investment adviser or principal underwriter,

iv. any person or partner or employee of any person who at any time since the beginning of the last two completed fiscal years of such investment company has acted as legal counsel for such investment adviser or principal underwriter,

v. any person or any affiliated person of a person (other than a registered investment company) that, at any time during the 6-month period preceding the date of the determination of whether that person or affiliated person is an interested person, has executed any portfolio transactions for, engaged in any principal transactions with, or distributed shares for—

I. any investment company for which the investment adviser or principal underwriter serves as such;

II. any investment company holding itself out to investors, for purposes of investment or investor services, as a company related to any investment company for which the investment adviser or principal underwriter serves as such; or

III. any account over which the investment adviser has brokerage placement discretion,

vi. any person or any affiliated person of a person (other than a registered investment company) that, at any time during the 6-month period preceding the date of the determination of whether that person or affiliated person is an interested person, has loaned money or other property to—

I. any investment company for which the investment adviser or principal underwriter serves as such;

II. any investment company holding itself out to investors, for purposes of investment or investor services, as a company related to any investment company for which the investment adviser or principal underwriter serves as such; or

III. any account for which the investment adviser has borrowing authority,

vii. any natural person whom the Securities and Exchange Commission by order shall have determined to be an interested person by reason of having had at any time since the beginning of the last two completed fiscal years of such investment company a material business or professional relationship with such investment adviser or principal underwriter or with the principal executive officer or any controlling person of such investment adviser or principal underwriter.

For the purposes of this paragraph (19), "member of the immediate family" means any parent, spouse of a parent, child, spouse of a child, spouse, brother, or sister, and includes step and adoptive relationships. The Securities and Exchange Commission may modify or revoke any order issued under clause (vi) of subparagraph (A) or (B) of this paragraph whenever it finds that such order is no longer consistent with the facts. No order issued pursuant to clause (vi) of subparagraph (A) or (B) of this paragraph shall become effective until at least sixty days after the entry thereof, and no such order shall affect the status of any person for the purposes of this title or for any other purpose for any period prior to the effective date of such order.

4. **"1940 Act"** means the Investment Company Act of 1940, as amended.