
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): February 25, 2016

Hercules Capital, Inc.
(formerly known as Hercules Technology Growth Capital, Inc.)
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

814-00702
(Commission
File No.)

74-3113410
(I.R.S. Employer
Identification No.)

400 Hamilton Ave., Suite 310
Palo Alto, CA
(Address of principal executive offices)

94301
(Zip Code)

Registrant's telephone number, including area code: (650) 289-3060

Not Applicable
(Former name or address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02

On February 25, 2016, Hercules Capital, Inc. (formerly known as Hercules Technology Growth Capital, Inc.) (the “Company”) issued a press release announcing its earnings for the quarter and year ended December 31, 2015 and that it had declared a dividend. The text of the press release is included as an exhibit to this Form 8-K.

This information disclosed under this Item 2.02 including Exhibit 99.1 hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 and shall not be deemed incorporated by reference into any filing made under the Securities Act of 1933, except as expressly set forth by specific reference in such filing.

Item 5.03

On February 25, 2016, the Company filed Articles of Amendment (the “Charter Amendment”) with the Secretary of State of the State of Maryland, a copy of which is attached hereto as Exhibit 3.1 and is incorporated herein by reference. The Charter Amendment amended the Company’s Articles of Incorporation to effect a change of the Company’s corporate name from “Hercules Technology Growth Capital, Inc.” to “Hercules Capital, Inc.” (the “Name Change”). The Name Change was approved by the Company’s board of directors on December 3, 2015. The Charter Amendment is effective as of February 25, 2016.

In connection with the Name Change, the Company also amended its bylaws (the “Bylaws Amendment”) to reflect the new corporate name. A copy of the Amended and Restated Bylaws is attached hereto as Exhibit 3.2 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits**(d) Exhibits**

- 3.1 Articles of Amendment to the Articles of Incorporation of Hercules Capital, Inc. (f/k/a Hercules Technology Growth Capital, Inc.), as filed with the Secretary of State of Maryland on February 25, 2016
- 3.2 Amended and Restated Bylaws of Hercules Capital, Inc. (f/k/a Hercules Technology Growth Capital, Inc.)
- 99.1 Press Release dated February 25, 2016

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HERCULES CAPITAL, INC.

February 25, 2016

By: /s/ Mark R. Harris
Mark R. Harris
Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
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3.2	Amended and Restated Bylaws of Hercules Capital, Inc. (f/k/a Hercules Technology Growth Capital, Inc.)
99.1	Press Release dated February 25, 2016

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

ARTICLES OF AMENDMENT

Hercules Technology Growth Capital, Inc., a Maryland corporation hereby certifies to the State Department of Assessments and Taxation of Maryland that:

FIRST: The charter of the Corporation is hereby amended by striking out ARTICLE I of the Articles of Incorporation, as amended from time to time, and inserting in lieu thereof the following:

ARTICLE I
NAME

The name of the corporation is Hercules Capital, Inc. (the "Corporation").

SECOND: The amendment to the charter of the Corporation herein made was duly approved by the entire Board of Directors at a meeting held on December 3, 2015, pursuant to Section 2-605 of the Maryland Corporations and Associations Code.

[Signature Page Follows]

IN WITNESS WHEREOF, Hercules Technology Growth Capital, Inc. has caused these Articles of Amendment to be signed in its name and on its behalf by its President and witnessed or attested by its Secretary as of the 23rd day of February, 2016.

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

By: /s/ Manuel A. Henriquez

Name: Manuel A. Henriquez

Title: President

ATTEST:

By: /s/ Melanie Grace

Name: Melanie Grace

Title: Secretary

THE UNDERSIGNED, President of Hercules Technology Growth Capital, Inc., hereby acknowledges, in the name, and on behalf, of said corporation, said Articles of Amendment to be the corporate act of said corporation and further certifies that, to the best of his knowledge, information and belief, the matters and facts set forth herein with respect to the approval hereof are true in all material respects, under the penalties of perjury as of the 23rd day of February, 2016.

**HERCULES CAPITAL, INC.
AMENDED AND RESTATED BYLAWS**

ARTICLE I

OFFICES

Section 1. Principal Office. The principal office of Hercules Capital, Inc. (the "Corporation") in the State of Maryland shall be located at such place as the board of directors of the Corporation (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. 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.

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 (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 MGCL, 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 Investment Company 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 February 25, 2016.



Hercules Announces Fourth Quarter and Full-Year 2015 Financial Results and Quarterly Dividend of \$0.31 per Share

No Oil and Gas, or CLO Exposure

Highlights for Full-Year 2015

- *Record Total Investment Assets of \$1.2 billion, at value, an increase of 18% year-over-year*
 - *Record Gross Debt and Equity Fundings of \$712.7 million, an increase of 15% year-over-year*
 - *\$745.3 million in Total Debt and Equity Commitments*
- *Record Total Investment Income of \$157.1 million, an increase of 9% year-over-year*
- *Second consecutive year of earnings spillover of \$8.2 million, or \$0.11 per share*
 - *Excludes potential unrealized gain on Box, Inc. of \$12.3 million at year-end 2015*
- *Completed stock repurchases representing 1.2% of total outstanding shares of common stock, or approximately 887,000 shares, since Q3 2015 through February 22, 2016*
- *Strong performance from Hercules portfolio companies with 15 completed or announced IPO and M&A liquidity events in 2015*
- *Reaffirmed Investment Grade Corporate Ratings from both Standard & Poor's (BBB-) and Kroll Bond Rating Agency, Inc. (BBB+)*
- *Outstanding management of total available and unavailable unfunded commitments to \$115.9 million at year-end 2015, down 72.0% from a peak of \$413.9 million in Q2 2015, and representing 9.7% of Total Investment Assets, at value*

Highlights for Q4 2015

- *Net Investment Income, or "NII," was \$20.1 million, or \$0.28 per share. Adjusted Net Investment Income, or "ANII," was \$20.9 million, or \$0.29 per share, which is a non-GAAP measure that excludes \$0.01 per share non-recurring non-cash expense related to the buy-back of \$40 million of the 2019 notes*
- *Distributable Net Operating Income, or "DNOI," a non-GAAP measure, was \$22.3 million, or \$0.31 per share. Adjusted DNOI, which is also a non-GAAP measure and excludes \$0.01 per share, of non-recurring non-cash expense related to the buy-back of \$40 million of the 2019 notes, was \$23.1 million, or \$0.32 per share*

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- *Gross debt and equity fundings of \$180.7 million, an increase of 14% quarter-over-quarter*
 - *Net investment portfolio growth of \$52.2 million, on a cost basis*
 - *GAAP Effective Yields of 14.2%*
 - *Net Interest Margin “NIM” of 10.2%*
 - *Strong liquidity position of \$195.2 million. Additional leverage capacity of ~\$200.0 to \$300.0 million under regulatory limits, as of December 31, 2015, for potential future loan portfolio growth*

PALO ALTO, Calif., February 25, 2016 - Hercules Capital, Inc. (NYSE: HTGC) (“Hercules” or the “Company”), the leading specialty financing provider to innovative venture growth stage companies backed by leading venture capital firms, today announced its financial results for the fourth quarter and full-year ended December 31, 2015.

The Company also announced that its Board of Directors has declared a fourth quarter cash dividend of \$0.31 per share, that will be payable on March 14, 2016, to shareholders of record as of March 7, 2016.

“The fourth quarter of 2015 was a strong end to another record year,” said Manuel A. Henriquez, chairman and chief executive officer of Hercules. “As indicated at the beginning of the year, 2015 was also a building year for the Company as we invested in our future by growing both the infrastructure of the organization as well as the investment portfolio. We expanded our national office network, grew our board of directors with three independent members, bolstered our senior management team with a new CFO and General Counsel, and enhanced and strengthened our liquidity position. In 2015, we executed our focused growth strategy and positioned ourselves for 2016 and beyond, while also exceeding last year’s record performance on a number of fronts including gross fundings, loan portfolio growth and year-end loan balance, total investment assets and investment income.”

Henriquez added, “During the fourth quarter, we generated over \$180 million in new debt and equity fundings, culminating in net loan portfolio growth of over \$200 million for the year, despite another record year in total loan repayments of over \$500 million. More importantly, our strong brand and reputation helped us achieve our record performance as we expanded and built new relationships with select innovative, venture growth stage companies and our venture capital partners. This growth was achieved while still maintaining our rigorous underwriting standards and credit analysis discipline that have served us well over 12 years. This is evidenced by our overall loan investment portfolio weighted average Loan-To-Value or “LTV” of less than 16%, based on last round financing valuations of our portfolio companies.”

Henriquez continued, “What I am most proud of, however, is the repeated unparalleled high-integrity performance of our loan origination team, which over the past two years, has been responsible for nearly \$320 million of loan growth, despite having nearly \$1 billion in cumulative principal repayments over the past two years without ever sacrificing our credit disciplines at Hercules. They are one of the reasons for our continued success and a clear differentiator between the Hercules platform and other venture debt lending-focused BDCs.”

Henriquez concluded, “Finally, more than 12 years after the founding of Hercules, we are unveiling our new name and corporate brand, Hercules Capital. Our new name is not only a better reflection of our 12-year evolution, but also gives Hercules a broader mandate to pursue new potential opportunities, expand product offerings to better meet the needs of our existing portfolio companies, increase our strategic partnerships, potentially expand into new industries, and grow our company through potential acquisitions – all of which will build on our existing and unrivaled venture lending platform. The new name and brand

in no way signify a move away from venture lending, and we will actually look to expand upon our market leadership position within venture debt by increasing our size and having the ability to continue to meet the changing needs of the innovative companies we serve today and those of tomorrow.”

Q4 2015 Review and Operating Results - Another Solid Quarter and Year of Growth

Investment Portfolio

Hercules had a solid Q4, reflective of the market for venture capital-backed high growth companies, having successfully entered into new debt and equity commitments of \$116.3 million, and funded \$180.7 million of debt and equity to both new and existing portfolio companies.

During the quarter, Hercules experienced a slightly higher than anticipated level of unscheduled early principal repayments of \$105.5 million primarily from older companies in our portfolio, thereby having a materially lower impact on effective yields driven by lower prepayment and fee accelerations, which along with our normal scheduled amortization of \$23.8 million, represented \$129.3 in loan repayments. Despite these unexpected higher levels of prepayments, Hercules platform proved its resiliency with the combination of our strong Q4 2015 new commitments as well as new debt and equity fundings of \$180.7 million, helping to grow our total portfolio balance by \$52.2 million (which includes \$9.1 million in equity and warrants) to \$1.25 billion, on a cost basis, during the quarter.

The Company’s total investment portfolio, valued at cost and fair value by category, quarter-over-quarter and year-over-year, respectively, are highlighted below:

(dollars in millions)	Loans	Equity	Warrants	Total Portfolio
Balances at Cost at 9/30/2015	\$1,109.2	\$ 48.3	\$ 42.6	\$ 1,200.1
New fundings ^(a)	168.4	10.8	1.5	180.7
Warrants not related to Q4 fundings			(0.2)	(0.2)
Unscheduled paydowns ^(b)	(105.5)	—	—	(105.5)
Principal reduction on investments	(23.8)	—	—	(23.8)
Net changes attributed to conversions, liquidations, and fees	4.0	0.1	(3.1)	1.0
Net activity during Q4 2015	43.1	10.9	(1.8)	52.2
Balances at Cost at 12/31/15	\$1,152.3	\$ 59.2	\$ 40.8	\$ 1,252.3
Balances at Value at 9/30/15	\$1,077.6	\$ 52.8	\$ 21.3	\$ 1,151.7
Net activity during Q4 2015	43.1	10.9	(1.8)	52.2
Net change in unrealized appreciation / (depreciation)	(10.5)	3.7	3.5	(3.3)
Balances at Value at 12/31/15	\$1,110.2	\$ 67.4	\$ 23.0	\$ 1,200.6

(a) New fundings amount includes \$12.9M total new fundings associated with revolver loans during Q4 2015.

(b) Unscheduled paydowns include \$11.2M paydown on revolvers during Q4 2015.

(dollars in millions)	Loans	Equity	Warrants	Total
Balances at Cost at 12/31/2014	952.0	44.4	38.9	1,035.3
New fundings ^(a)	686.3	18.2	7.8	712.3
Warrants not related to 2015 fundings			0.1	0.1
Unscheduled paydowns ^(b)	(388.5)	—	—	(388.5)
Principal reduction on investments	(115.1)	—	—	(115.1)
Net changes attributed to conversions, liquidations, and fees	17.6	(3.4)	(6.0)	8.2
Net activity during 2015	200.3	14.8	1.9	217.0
Balances at Cost at 12/31/15	\$1,152.3	\$ 59.2	\$ 40.8	\$1,252.3
Balances at Value at 12/31/14	\$ 923.9	\$ 71.7	\$ 25.1	\$1,020.7
Net activity during 2015	200.3	14.8	1.9	217.0
Net change in unrealized appreciation / (depreciation)	(14.0)	(19.1)	(4.0)	(37.1)
Balances at Value at 12/31/15	\$1,110.2	\$ 67.4	\$ 23.0	\$1,200.6

(a) New fundings amount includes \$61.3M total new fundings associated with revolver loans during 2015.

(b) Unscheduled paydowns include \$60.7M paydown on revolvers during 2015.

As of December 31, 2015, 89.4% of the Company's debt investments were in a "true first lien" senior secured position.

Rising Interest Rates and High Asset Sensitivity Will Benefit Hercules Significantly

We are well positioned and have constructed a very asset sensitive investment portfolio for any eventual increases in market rates that may occur in the near future with 93.7% of our loan investment portfolio being priced at floating interest rates or floating interest rates with a Prime or LIBOR-based interest rate floor, which coupled with our existing fixed interest rate outstanding bond obligations, would potentially lead to higher net investment income to our shareholders.

Based on our Consolidated Statement of Assets and Liabilities as of December 31, 2015, the following table shows the approximate annualized increase in components of net income resulting from operations of hypothetical base rate changes in interest rates, such as prime rate, assuming no changes in our investments and borrowings.

We expect each 25 bps increase in the Prime Rate to contribute approximately \$2.0 million, or \$0.03 per share, of net investment income.

(in thousands) Basis Point Change	Interest Income	Interest Expense	Net Income	EPS ⁽¹⁾
-100	\$ (2,677)	\$ (200)	\$ (2,477)	\$(0.04)
25	\$ 2,160	\$ 78	\$ 2,082	\$ 0.03
50	\$ 4,320	\$ 156	\$ 4,164	\$ 0.06
75	\$ 6,480	\$ 234	\$ 6,246	\$ 0.09
100	\$ 8,640	\$ 313	\$ 8,328	\$ 0.12
200	\$19,186	\$ 625	\$18,561	\$ 0.27
300	\$30,668	\$ 938	\$29,730	\$ 0.43

(1) EPS calculated on basic weighted shares outstanding of 69,479

Unfunded Commitments – Down 72% from its peak in Q2 2015 and representing approximately 10% of total investments assets

The Company's unfunded commitments and contingencies consist primarily of unused commitments to extend credit in the form of loans to select Company's portfolio companies. A portion of these unfunded contractual commitments are dependent upon the portfolio company reaching certain milestones in order to gain access to additional funding. Furthermore, our credit agreements contain customary lending provisions that allow us relief from funding obligations for previously made commitments. In addition, since a portion of these commitments may also expire without being drawn, unfunded contractual commitments do not necessarily represent future cash requirements.

As of December 31, 2015, the Company had \$115.9 million of total unfunded commitments, but only \$75.4 million of unfunded commitments, including undrawn revolving facilities, were available at the request of the portfolio company and unencumbered by any milestones, representing only 6.5% of Hercules' loan balance, at cost, and down from 9.9% in Q3 2015. In addition, we had \$40.5 million of specific milestone requirement driven unavailable commitments to portfolio companies or other covenant restrictions limiting availability.

Signed Term Sheets

Hercules finished Q4 2015 with \$86.0 million in signed non-binding term sheets outstanding to eight new and existing companies.

Since the close of Q4 2015 and as of February 22, 2016, Hercules closed debt and equity commitments of \$126.4 million to new and existing portfolio companies, and funded \$98.4 million.

Signed non-binding term sheets are subject to satisfactory completion of Hercules' due diligence and final investment committee approval process as well as negotiations of definitive documentation with the prospective portfolio companies. These non-binding term sheets generally convert to contractual commitments in approximately 90 days from signing. It is important to note that not all signed non-binding term sheets are expected to close and do not necessarily represent future cash requirements or investments.

Existing Equity and Warrant Portfolio

Equity Portfolio

Hercules held equity positions in 51 portfolio companies with a fair value of \$67.4 million and a cost basis of \$59.2 million as of December 31, 2015. On a fair value basis, \$30.7 million is related to public equity positions, primarily concentrated in Box, Inc. which had a fair value of \$18.0 million, compared to a cost basis of \$5.7 million, at December 31, 2015. As of December 31, 2015, the potential unrealized gain in Box was approximately \$12.3 million.

Warrant Portfolio

Hercules held warrant positions in 129 portfolio companies with a fair value of \$23.0 million and a cost basis of \$40.8 million as of December 31, 2015. Hercules' historical realized gross warrant/equity multiples range from 1.0x to 14.9x, with an average gross warrant/equity multiple of 3.74x and a weighted average fully realized IRR of 24.2%.

Strong Portfolio Company IPO Activity in 2015

According to Dow Jones VentureSource report for Q4 2015, there were 66 U.S. venture-backed IPOs in 2015, of which seven (7) were Hercules portfolio companies, representing 11% of the completed IPOs in 2015.

During Q4 2015, two Hercules' portfolio companies, **Edge Therapeutics, Inc.** and **Cerecor Inc.**, completed their initial public offerings ("IPO").

As of December 31, 2015, Hercules held warrant and equity positions in three (3) portfolio companies that had confidentially filed Form S-1 Registration Statements under the JOBS Act with the SEC in contemplation of a potential IPO. Hercules' portfolio company **Gelesis, Inc.** formally withdrew its Form S-1 Registration during the quarter.

There can be no assurances that companies that have yet to complete their IPOs will do so.

Portfolio Company M&A Events

During Q4 2015, four Hercules' portfolio companies, **nContact Surgical, Inc.**, **Gazelle, Inc.**, **Education Dynamics**, and **Good Technology Corporation** completed their acquisition transactions.

Effective Portfolio Yield and Core Portfolio Yield ("Core Yield")

Our Effective Yields were 14.2% during Q4 of 2015, representing more normalized levels as the amount of unscheduled early repayments are expected to decreased and normalize from the record setting levels over the past two years of over \$350 million per year.

The early payoffs realized in Q4 2015 were from older tenure loans as compared to those loans paid off in Q3, thereby generating significantly lower prepayment and accelerated fees. Our effective portfolio yields generally include the effects of fees and income accelerations attributed to early payoffs, as well as other activities, or one-time event fees. Our effective yields are materially impacted by elevated levels of unscheduled early principal repayments, and are derived by dividing total investment income by the weighted average earning investment portfolio assets outstanding during the quarter, which excludes non-interest earning assets such as warrants and equity investments.

Core Yields were at 13.3% during Q4 2015, and are within our expected normalized levels of 12.5% to 13.5%. Hercules defines Core Yield as yields which generally exclude any benefits from the accretion of fees and income related to early loan repayments attributed to the acceleration of unamortized origination fees and income as well as prepayment fees.

Income Statement

Total investment income for Q4 of 2015 was \$39.4 million, an increase of 6.8%, as compared to \$36.9 million in Q4 2014. The increase is primarily attributable to loan portfolio growth, specifically a greater weighted average principal outstanding of the Company's debt portfolio between the periods.

Interest expense and loan fees were \$9.5 million as compared to \$9.3 million in Q4 2014. Adjusted interest expense and loan fees, a non-GAAP measure, which excludes \$0.8 million of non-recurring non-cash expense related to the buy-back of \$40 million partial redemption of the Company's 7.00% Notes due September 2019 (the "Notes")¹, was \$8.7 million.

Excluding the one-time charge, the decrease was primarily due to lower weighted average principal balances outstanding on our asset backed notes, convertible senior notes and baby bonds.

The Company had a weighted average cost of debt comprised of interest and fees, excluding the non-cash expense related to the buy-back of \$40 million of our 2019 notes, of 5.7% in Q4 2015 versus 6.7% during Q4 2014, and 6.2% including the non-cash expense.

The decrease was primarily driven by a reduction in the weighted average principal outstanding on our higher yielding debt instruments.

Total operating expenses was \$19.2 million as compared to \$20.4 million for Q4 2014. Adjusted operating expenses, a non-GAAP measure, which excludes interest expense and loan fees, for Q4 2015 was \$9.8 million for Q4 2015. The decrease was primarily due to changes in variable compensation related to origination activities, slightly offset by an increase in general and administrative expenses due to corporate legal expenses and outside consulting services.

NII – Net Investment Income

NII for Q4 2015 was \$20.1 million, or \$0.28 per share, based on 71.2 million basic weighted average shares outstanding, compared to \$15.9 million, \$0.25 per share, based on 63.1 million basic weighted average shares outstanding in Q4 2014, representing an increase of 26.7% and 13.8%, respectively.

ANII for Q4 2015 was \$20.9 million, which excludes \$0.8 million of non-recurring non-cash expense related to the buy-back of \$40.0 million of the 2019 senior unsecured notes, compared to \$15.9 million in Q4 2014, representing an increase of 31.4%, due to a greater weighted average principal outstanding of the Company's debt portfolio between the periods.

ANII per share for Q4 2015 was \$0.29, which excludes \$0.01 per share of non-recurring non-cash expense related to the buy-back, based on 71.2 million basic weighted average shares outstanding, compared to \$0.25 based on 63.1 million basic weighted average shares outstanding in Q4 2014, representing an increase of 16.0%.

ANII is a non-GAAP financial measure. The Company believes that ANII provides useful information to investors and management because it excludes the non-recurring non-cash expense related to the buy-back of \$40 million of the 2019 notes. ANII should not be considered as an alternative to NII (which is prepared in accordance with GAAP).

¹ The Notes were issued pursuant to the indenture (the "Base Indenture") dated as of March 6, 2012, between the Company and U.S. National Bank Association, as trustee, as supplemented by the second supplemental indenture dated as of September 24, 2012 (together with the Base Indenture, the "Indenture").

DNOI - Distributable Net Operating Income

DNOI for Q4 2015 was \$22.3 million compared to \$18.6 million in Q4 2014 representing a 20.0% increase. Adjusted DNOI, which excludes \$0.8 million of non-recurring non-cash expense related to the buy-back of \$40.0 million of the 2019 senior unsecured notes, was \$23.1 million, representing an increase of 24.2%, due to a greater weighted average principal outstanding of the Company's debt portfolio between the periods.

DNOI per share for Q4 2015 was \$0.31 compared to \$0.29 in Q4 2014, representing an increase of 6.9%. Adjusted DNOI per share, which excludes \$0.01 per share of non-recurring non-cash expense related to the buy-back, was \$0.32.

DNOI and Adjusted DNOI are non-GAAP financial measures. The Company believes that DNOI provides useful information to investors and management because it measures Hercules' operating performance, exclusive of employee stock compensation, which represents expense to the Company but does not require settlement in cash. The Company believes Adjusted DNOI provides useful information to investors and management because it excludes non-recurring charges relating to the buy-back of 2019 senior unsecured notes. DNOI includes income from payment-in-kind, or "PIK", and back-end fees that are generally not payable in cash on a regular basis but rather at investment maturity. Hercules believes disclosing DNOI and Adjusted DNOI and the related per share measures are useful and appropriate supplements and not alternatives to GAAP measures for net operating income, net income, earnings per share and cash flows from operating activities.

Realized Gains/ (Losses)

For the year ending December 31, 2015, Hercules had net realized gains of \$5.1 million. This net gain was comprised of \$12.6 million of gross realized gains primarily from the sale of investments in seven portfolio companies and the subsequent recoveries received on two previously written-off debt investments. These gains were partially offset by gross realized losses of \$7.5 from the liquidation of our investments in sixteen portfolio companies, nearly all comprised of expiring warrants and loan charge offs.

Continued Credit Discipline and Cumulative in Strong Credit Performance

Cumulative net realized losses on investments, since our first origination commencing in October 2004, through December 31, 2015, totaled \$6.9 million, on a GAAP basis. When compared to total commitments of \$5.7 billion over the same period, the net realized loss since inception represents 12 basis points "bps" or 0.12% of total commitments, or an annualized loss rate of 1 bps.

Unrealized Appreciation/ (Depreciation)

A break-down of the net unrealized appreciation/ (depreciation) in the investment portfolio is highlighted below:

(dollars in millions)	Three Months Ended December 31, 2015			
	Loans	Equity	Warrants	Total
Collateral based impairments	<u>\$(10.2)</u>	<u>\$(0.2)</u>	<u>\$ (0.0)</u>	<u>\$(10.4)</u>
Reversals of Prior Period Collateral based impairments	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Collateral based impairments	<u>(10.2)</u>	<u>(0.2)</u>	<u>(0.0)</u>	<u>(10.4)</u>
Reversals due to Debt Payoffs & Warrant/Equity sales	5.7	0.3	2.2	8.2
Fair Value Market/Yield Adjustments				
Level 1 & 2 Assets	(1.1)	0.5	(0.0)	(0.6)
Level 3 Assets	<u>(4.9)</u>	<u>3.1</u>	<u>1.3</u>	<u>(0.5)</u>
Total Fair Value Market/Yield Adjustments	<u>(6.0)</u>	<u>3.6</u>	<u>1.3</u>	<u>(1.1)</u>
Total Unrealized Appreciation/(Depreciation)*	<u>\$(10.5)</u>	<u>\$ 3.7</u>	<u>\$ 3.5</u>	<u>\$ (3.3)</u>

* Excludes unrealized depreciation from escrow receivable and taxes payable

Dividends

The Board of Directors has declared a fourth quarter cash dividend of \$0.31 per share. This dividend would represent the Company's 42nd consecutive dividend declaration since its IPO, bringing the total cumulative dividend declared to date to \$11.54 per share. The following shows the key dates of our fourth quarter 2015 dividend payment:

Record Date	March 7, 2016
Payment Date	March 14, 2016

Hercules' Board of Directors maintains a variable dividend policy with the objective of distributing four quarterly distributions in an amount that approximates 90% to 100% of our taxable quarterly income or potential annual income for a particular year. In addition, at the end of the year, our Board of Directors may choose to pay an additional special dividend, or fifth dividend, so that we may distribute approximately all of our annual taxable income in the year it was earned, or electing to maintain the option to spill over our excess taxable income into the coming year for future dividend payments.

The determination of the tax attributes of the Company's distributions is made annually as of the end of the Company's fiscal year based upon its taxable income for the full year and distributions paid for the full year. Therefore, a determination made on a quarterly basis may not be representative of the actual tax attributes of its distributions for a full year. Of the dividends declared during the fiscal year ended December 31, 2015, 100% were distributions derived from our current and accumulated earnings and profits. There can be no certainty to stockholders that this determination is representative of what the tax attributes of our 2016 distributions to stockholders.

Liquidity and Capital Resources

The Company ended Q4 2015 in a strong liquidity position with \$195.2 million in available liquidity, including \$95.2 million in unrestricted cash and \$100.0 million in available credit facilities, subject to existing terms and advance rates and regulatory and covenant requirements. As of December 31, 2015, 91.7% of the Company's long-term debt financing was in fixed rate debt instruments, well positioning Hercules for any increase in short term rates, should they occur.

In addition, Hercules has an SEC exemptive order relief, thereby allowing it to exclude from its regulatory leverage limitations (1:1) of all outstanding SBA debentures of \$190.2 million, providing the Company with the potential capacity to add leverage of \$306.9 million to its balance sheet, for potential loan portfolio growth.

Bank Facilities

Hercules has two committed credit facilities with Wells Fargo and Union Bank for \$75.0 million each. The Wells facility includes an accordion feature able to increase the existing \$75.0 million facility up to a \$300.0 million accordion credit facility. Pricing at December 31, 2015 under the Wells facility and Union Bank facility was LIBOR+3.25% with no floor and LIBOR+2.25% with no floor, respectively. In December 2015, the Company extended the Wells facility, under which Wells Fargo Capital Finance, LLC has committed \$75.0 million through August 2018 at the same terms.

Leverage

Hercules' net regulatory leverage, or debt to equity less cash ratio and excluding SBA debentures, was 43.9%, at December 31, 2015. Including our SBA debentures, our net regulatory leverage ratio was 70.4%.

On a GAAP basis, net debt to equity leverage ratio was 83.7%, including the SBA debentures, at December 31, 2015.

Net leverage is derived by deducting the outstanding cash at December 31, 2015 of \$95.2 million from total debt of \$600.4 million and divided by total equity of \$717.1 million.

Hercules has an SEC exemptive order relief, thereby allowing it to exclude from its regulatory leverage limitations (1:1) of all outstanding SBA debentures of \$190.2 million, providing the Company with the potential capacity to add leverage of \$306.9 million to its balance sheet, bringing the maximum potential leverage to \$907.3 million, or 126.5% (1:26:1), as of December 31, 2015, if it had access to such additional leverage.

On December 18, 2015, President Obama signed H.R. 2029, the Fiscal Year 2016 Consolidated Appropriation Act, which included a significant change to the Small Business Investment Company ("SBIC") program. Specifically, Section 521 increases the maximum amount of leverage available to two or more SBICs under common control from \$225 million to \$350 million. Hercules anticipates filing an application for its third SBIC license, to gain access to additional capital under the SBIC debenture program late in the 2016, or early 2017, subject to market conditions.

As of December 31, 2015, the Company's asset coverage ratio under our regulatory requirements as a business development company was 274.8%, excluding the SBIC debentures as a result of our exemptive order from the SEC.

Net Asset Value

As of December 31, 2015, the Company's net assets were \$717.1 million, an increase of 8.8% as compared to \$658.9 million as of December 31, 2014, due in part to the \$100.1 million equity offering completed in March 2015. Net assets were \$722.8 million at the end of Q3 2015.

As of December 31, 2015, net asset value per share was \$9.94 on 72.1 million outstanding shares, compared to \$10.02 on 72.1 million outstanding shares as of September 30, 2015.

Portfolio Asset Quality

At December 31, 2015, the weighted average loan grade of the portfolio at cost was 2.16 on a scale of 1 to 5, with 1 being the highest quality, compared with 2.24 as of December 31, 2014 and 2.33 as of September 30, 2015. Hercules' policy is to generally adjust the grading down on its portfolio companies as they approach the need for additional equity capital.

As of December 31, 2015, grading of the loan portfolio at fair value, excluding warrants and equity investments, was as follows:

Credit Grading at Fair Value, Q4 2014 - Q4 2015 (\$ in millions)

	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Grade 1	195.8	188.4	233.8	198.7	215.2
Grade 2	479.0	590.9	645.7	636.5	759.3
Grade 3	183.5	174.9	140.2	99.0	44.8
Grade 4	39.9	90.2	70.0	59.7	34.2
Grade 5	25.7	13.6	47.9	83.7	56.7
Weighted Avg.	<u>2.24</u>	<u>2.26</u>	<u>2.25</u>	<u>2.33</u>	<u>2.16</u>

Subsequent Events

1. As of February 22, 2016, Hercules has:
 - a. Closed debt and equity commitments of \$126.4 million to new and existing portfolio companies, and funded \$98.4 million since the close of the fourth quarter.
 - b. Pending commitments (signed non-binding term sheets) of \$143.5 million.

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

Closed Commitments and Pending Commitments (in millions)	
Q1-16 Closed Commitments (as of February 22, 2016)(a)	\$126.4
Q1-16 Pending Commitments (as of February 22, 2016)(b)	\$143.5
Year-to-date 2016 Closed and Pending Commitments	\$269.9

Notes:

- a. Closed Commitments may include renewals of existing credit facilities. Not all Closed Commitments result in future cash requirements. Commitments generally fund over the two succeeding quarters from close.
 - b. Not all pending commitments (signed non-binding term sheets) are expected to close and do not necessarily represent any future cash requirements.
2. On February 24, 2015, the Company's Board of Directors approved a \$50.0 million open market share repurchase program, and on February 17, 2016 the Company's Board of Directors extended the program until August 23, 2016. Subsequent to December 31, 2015 and as of February 22, 2016, the Company repurchased \$4.8 million, or 449,588 shares of its common stock. As of February 22, 2016, approximately \$40.6 million of common stock remains for repurchase under the stock repurchase plan.

Conference Call

Hercules has scheduled its fourth quarter and full-year 2015 financial results conference call for February 25, 2016 at 2:00 p.m. PST (5:00 p.m. EST). To listen to the call, please dial (877) 304-8957 (or (408) 427-3709 internationally) and reference Conference ID: 30845803 if asked, approximately 10 minutes prior to the start of the call. A taped replay will be made available approximately three hours after the conclusion of the call and will remain available for seven days. To access the replay, please dial (855) 859-2056 or (404) 537-3406 and enter the passcode 30845803.

About Hercules Capital, Inc.

Hercules Capital, Inc. (NYSE: HTGC) (“Hercules”) is the leading and largest specialty finance company focused on providing senior secured venture growth loans to high-growth, innovative venture capital-backed companies in a broadly diversified variety of technology, life sciences and sustainable and renewable technology industries. Since inception (December 2003), Hercules has committed more than \$5.7 billion to over 335 companies and is the lender of choice for entrepreneurs and venture capital firms seeking growth capital financing. Companies interested in learning more about financing opportunities should contact info@htgc.com, or call 650.289.3060.

Hercules’ common stock trades on the New York Stock Exchange (NYSE) under the ticker symbol “HTGC.”

In addition, Hercules has three outstanding bond issuances of 7.00% Notes due April 2019, 7.00% Notes due September 2019, and 6.25% Notes due July 2024, which trade on the NYSE under the symbols “HTGZ,” “HTGY,” and “HTGX,” respectively.

Forward-Looking Statements

The information disclosed in this press release is made as of the date hereof and reflects Hercules most current assessment of its historical financial performance. Actual financial results filed with the SEC may differ from those contained herein due to timing delays between the date of this release and confirmation of final audit results. These forward-looking statements are not guarantees of future performance and are subject to uncertainties and other factors that could cause actual results to differ materially from those expressed in the forward-looking statements including, without limitation, the risks, uncertainties, including the uncertainties surrounding the current market volatility, and other factors the Company identifies from time to time in its filings with the SEC. Although Hercules believes that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions also could be incorrect. You should not place undue reliance on these forward-looking statements. The forward-looking statements contained in this release are made as of the date hereof, and Hercules assumes no obligation to update the forward-looking statements for subsequent events.

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HERCULES CAPITAL, INC.
CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES
(dollars in thousands, except per share data)

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Assets		
Investments:		
Non-control/Non-affiliate investments (cost of \$1,283,539 and \$1,019,799, respectively)	\$ 1,192,652	\$ 1,012,738
Affiliate investments (cost of \$13,742 and \$15,538, respectively)	7,986	7,999
Total investments, at value (cost of \$1,252,281 and \$1,035,337, respectively)	<u>1,200,638</u>	<u>1,020,737</u>
Cash and cash equivalents	95,196	227,116
Restricted cash	9,191	12,660
Interest receivable	9,239	9,453
Other assets	<u>20,497</u>	<u>29,257</u>
Total assets	<u>\$ 1,334,761</u>	<u>\$ 1,299,223</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 17,241	\$ 14,101
Long-term Liabilities (Convertible Senior Notes)	17,522	17,345
Wells Facility	50,000	—
2017 Asset-Backed Notes	—	16,049
2021 Asset-Backed Notes	129,300	129,300
2019 Notes	110,364	170,364
2024 Notes	103,000	103,000
Long-term SBA Debentures	<u>190,200</u>	<u>190,200</u>
Total liabilities	<u>\$ 617,627</u>	<u>\$ 640,359</u>
Net assets consist of:		
Common stock, par value	\$ 73	\$ 65
Capital in excess of par value	752,244	657,233
Unrealized depreciation on investments	(52,808)	(17,076)
Accumulated realized gains on investments	27,993	14,079
Undistributed net investment income (Distributions in excess of net investment income)	<u>(10,368)</u>	<u>4,563</u>
Total net assets	<u>\$ 717,134</u>	<u>\$ 658,864</u>
Total liabilities and net assets	<u>\$ 1,334,761</u>	<u>\$ 1,299,223</u>
Shares of common stock outstanding (\$0.001 par value, 200,000,000 and 100,000,000 authorized, respectively)	72,118	64,715
Net asset value per share	\$ 9.94	\$ 10.18

HERCULES CAPITAL, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
(dollars in thousands, except per share data)

	(unaudited)		Year Ended December 31,	
	Three Months Ended December 31, 2015	2014	2015	2014
Investment income:				
Interest income				
Non-Control/Non-Affiliate investments	\$ 34,058	\$ 31,800	\$ 139,919	\$ 124,776
Affiliate investments	69	95	347	1,842
Total interest income	<u>34,127</u>	<u>31,895</u>	<u>140,266</u>	<u>126,618</u>
Fees				
Non-Control/Non-Affiliate investments	5,253	4,976	16,865	17,013
Affiliate investments	—	4	1	34
Total fees	<u>5,253</u>	<u>4,980</u>	<u>16,866</u>	<u>17,047</u>
Total investment income	<u>39,380</u>	<u>36,875</u>	<u>157,132</u>	<u>143,665</u>
Operating expenses:				
Interest	7,591	7,864	30,834	28,041
Loan fees	1,889	1,388	6,055	5,919
General and administrative	4,468	3,226	16,658	10,209
Employee Compensation:				
Compensation and benefits	3,091	5,229	20,713	16,604
Stock-based compensation	2,204	2,711	9,370	9,561
Total employee compensation	<u>5,295</u>	<u>7,940</u>	<u>30,083</u>	<u>26,165</u>
Total operating expenses	<u>19,243</u>	<u>20,418</u>	<u>83,630</u>	<u>70,334</u>
Loss on debt extinguishment (Long-term Liabilities - Convertible Senior Notes)	—	(558)	(1)	(1,581)
Net investment income	<u>20,137</u>	<u>15,899</u>	<u>73,501</u>	<u>71,750</u>
Net realized gain(loss) on investments				
Non-Control/Non-Affiliate investments	(3,277)	7,106	5,147	20,112
Total net realized gain(loss) on investments	<u>(3,277)</u>	<u>7,106</u>	<u>5,147</u>	<u>20,112</u>
Net change in unrealized appreciation (depreciation) on investments				
Non-Control/Non-Affiliate investments	(3,325)	(1,945)	(36,839)	(17,392)
Affiliate investments	635	(425)	1,107	(3,282)
Total net unrealized depreciation on investments	<u>(2,690)</u>	<u>(2,370)</u>	<u>(35,732)</u>	<u>(20,674)</u>
Total net realized and unrealized loss	<u>(5,967)</u>	<u>4,736</u>	<u>(30,585)</u>	<u>(562)</u>
Net increase in net assets resulting from operations	<u>\$ 14,170</u>	<u>\$ 20,635</u>	<u>\$ 42,916</u>	<u>\$ 71,188</u>
Net investment income before investment gains and losses per common share:				
Basic	<u>\$ 0.28</u>	<u>\$ 0.25</u>	<u>\$ 1.04</u>	<u>\$ 1.13</u>
Change in net assets per common share:				
Basic	<u>\$ 0.20</u>	<u>\$ 0.32</u>	<u>\$ 0.60</u>	<u>\$ 1.12</u>
Diluted	<u>\$ 0.20</u>	<u>\$ 0.32</u>	<u>\$ 0.59</u>	<u>\$ 1.10</u>
Weighted average shares outstanding				
Basic	<u>71,205</u>	<u>63,105</u>	<u>69,479</u>	<u>61,862</u>
Diluted	<u>71,239</u>	<u>63,766</u>	<u>69,663</u>	<u>63,225</u>
Dividends declared per common share:				
Basic	\$ 0.31	\$ 0.31	\$ 1.24	\$ 1.24

HERCULES CAPITAL, INC.
NON GAAP FINANCIAL MEASURES
(in thousands, except per share data)

	Three Months Ended December 31,	
	2015	2014
Reconciliation of Net investment income to DNOI		
Net investment income	\$ 20,137	\$ 15,899
Stock-based compensation	2,204	2,711
DNOI	\$ 22,341	\$ 18,610
DNOI per share-weighted average common shares		
Basic	\$ 0.31	\$ 0.29
Weighted average shares outstanding		
Basic	71,205	63,105

Distributable Net Operating Income, "DNOI" represents net investment income as determined in accordance with U.S. generally accepted accounting principles, or GAAP, adjusted for amortization of employee restricted stock awards and stock options. Hercules views DNOI and the related per share measures as useful and appropriate supplements to net operating income, net income, earnings per share and cash flows from operating activities. DNOI is a non-GAAP financial measure. The Company believes that DNOI provides useful information to investors and management because it serves as an additional measure of Hercules' operating performance exclusive of employee restricted stock amortization, which represents expenses of the Company but does not require settlement in cash. DNOI does include paid-in-kind, or PIK, interest and back end fee income which are generally not payable in cash on a regular basis, but rather at investment maturity or when declared. DNOI should not be considered as an alternative to net operating income, net income, earnings per share and cash flows from operating activities (each computed in accordance with GAAP). Instead, DNOI should be reviewed in connection with net operating income, net income (loss), earnings (loss) per share and cash flows from operating activities in Hercules' consolidated financial statements, to help analyze how Hercules' business is performing.

HERCULES CAPITAL, INC.
NON GAAP FINANCIAL MEASURES
(in thousands, except per share data)

	December 31, 2015
Total Debt	\$ 600,386
Cash and cash equivalents	(95,196)
Numerator: net debt (total debt less cash and cash equivalents)	\$ 505,190
Denominator: Total net assets	\$ 717,134
Net Leverage Ratio	70.4%

Net leverage ratio is calculated by deducting the outstanding cash at December 31, 2015 of \$95.2 million from total debt of \$600.4 million divided by our total equity of \$717.1 million, resulting in a net leverage ratio of 70.4%. These measures are not intended to replace financial performance measures determined in accordance with GAAP. Rather, they are presented as additional information because management believes they are useful indicators of the current financial performance of the Company's core businesses.